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Living wills regulatory reform in Asia Pacific

This table provides an overview of the progress of regulatory reform in the area of living wills across a number of Asia Pacific jurisdictions. The information is current as at 9 November 2018.

No.	Jurisdiction	Regulators/ authorities	Comments
1	Hong Kong	Hong Kong Monetary Authority (***HKMA***)	• The HKMA issued a confidential consultation paper on recovery and resolution planning (***RRP***) on 20 November 2012 (the ***HKMA RRP Consultation Paper***). The HKMA RRP Consultation Paper requested authorised institutions (***AIs***) to submit responses to 24 questions in relation to the implementation of RRP in Hong Kong by 18 January 2013. The HKMA RRP Consultation Paper, and responses/conclusions thereto, are not publicly available. • On 24 March 2014, the HKMA issued a consultation paper on establishing and implementing a regulatory and supervisory framework for: (i) identifying and designating AIs as domestic systemically important banks (***D-SIBs***) in Hong Kong; and (ii) applying a range of prudential and supervisory requirements to the AIs so designated (the ***HKMA D-SIB Consultation Paper***)[1]. The deadline for responses to the 18 questions set forth in the HKMA D-SIB Consultation Paper was 26 May 2014. • The HKMA on 24 March 2014 stated in letters to industry bodies[2] in similar terms that following the HKMA D-SIB Consultation Paper, the HKMA will develop and refine its proposals, taking into account the comments received, for the purposes of: (i) producing a Supervisory Policy Manual (***SPM***) module on the operation of the framework; and (ii) amending its Banking (Capital) Rules and Banking (Disclosure) Rules to recognise both D-SIBs and global systemically important bank (***G-SIB***) designation and provide for the consequent application of higher loss absorbency (***HLA***) requirements. • On 20 June 2014, the HKMA issued an SPM module on recovery planning (***RE-1***)[3], which provides guidance to AIs on key elements of effective recovery planning, and sets out the HKMA's approach to, and expectations in, reviewing AIs' recovery plans. Under RE-1, AIs are expected to develop and maintain recovery plans commensurate with the nature, scale and complexity of their operations. RE-1 envisions that it would be necessary in most cases for an AI that is part of a global group to prepare a local recovery plan in respect of Hong Kong operations, although the group level recovery plan could be drawn upon where appropriate. RE-1 states that the HKMA will adopt a phased approach with priority given to AIs which are more systemically significant or critical in Hong Kong, and that the first 'wave' of

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			the most systemically and critical AIs will be notified by the HKMA to submit a recovery plan within six months of the notification. The first wave of larger, more complex AIs submitted their first recovery plans in December 2014.[4] • On 18 February 2015, the HKMA published an SPM module entitled 'Systemically Important Banks' (***CA-B-2***)[5], following a consultation in October 2014. CA-B-2 sets out the HKMA's assessment methodology for identifying D-SIBs, calibrates the level of HLA requirements to which they will be subject, and sets out other policy and supervisory measures to be applied to them. Under CA-B-2, the HKMA will review the list of D-SIBs at least annually, and AIs which the HKMA proposes to designate as D-SIBs will be consulted before the designations are finalised and publicised. In the context of recovery planning, CA-B-2 states that AIs, in particular larger or more complex AIs (which will include D-SIBs), are encouraged to adopt more than the minimum scenarios as prescribed in RE-1 to ensure the adequacy of their recovery plans. • On 16 March 2015, the HKMA announced the designation of five Hong Kong-incorporated banks as D-SIBs.[6] Each of the designated banks is required to include an HLA requirement into the calculation of its regulatory capital buffers within 12 months. The HKMA intends to phase in the full amount of the HLA requirement from 2016 to 2019 in parallel with the Capital Conservation Buffer and Countercyclical Capital Buffer. Under the phase-in provisions, the levels of HLA for 2016 ranged from 0.25% to 0.875% but they will ultimately range between 1% and 3.5% depending on the assessed level of the D-SIB's systemic importance. • In its 2014 Annual Report published on 24 April 2015, the HKMA stated that it would continue to work closely with the Financial Services and the Treasury Bureau (***FSTB***), the Securities and Futures Commission (***SFC***) and the Insurance Authority (***IA***) on proposals to establish a cross-sectoral resolution regime for financial institutions in Hong Kong. After considering submissions received in response to the second public consultation exercise, as well as any further developments at the international level including any guidance on recognition of cross-border resolution actions, the proposals will be further refined with a view to introducing a bill into the Legislative Council by the end of 2015. The HKMA also stated that it would continue its involvement in crisis management groups (***CMGs***) for a number of G-SIBs with sizeable operations in Hong Kong, where work is underway to develop firm-specific group-level recovery and resolution plans.[7] • On 31 December 2015, the HKMA completed its annual assessment of the list of designated D-SIBs for 2016. Based on the assessment results, the list of banks designated as D-SIBs for 2016 remained unchanged from the first list of D-SIBs published by the HKMA on 16 March 2015. The HKMA intends to update the list annually. Under the HLA phase-in provisions, the levels of HLA for 2017 will be increased to a range of 0.50% to 1.75% (from a range of 0.25% to 0.875% in 2016).[8] • In the December 2015 issue of the HKMA's Quarterly Bulletin[9], the HKMA noted that in light of the Financial Stability Board (***FSB***) continuing to develop guidance and standards on various aspects of resolution, such as the recently finalised standard on the Total Loss-Absorbing Capacity (***TLAC***) of G-SIBs[10] and recently issued set of guiding principles to promote the cross-border

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			effectiveness of resolution actions[11], it is expected that further measures, such as rules, regulations and a code of practice, will be developed alongside the legislative proposals set out in the Financial Institutions (Resolution) Bill (***HK Resolution Bill***) in order to make the Hong Kong regime fully operable. The HKMA further noted that the authorities will continue to monitor international developments and are committed to engaging stakeholders in developing the proposed resolution regime. • On 22 April 2016, the HKMA published a draft SPM on resolution planning (RE-2) for consultation.[12] ***RE-2*** provides an overview of the HKMA's approach to resolution planning and details the scope and content of the core information required in the initial stage of resolution planning. RE-2 also explains how the HKMA will conduct supervisory assessments of the core information submitted. • RE-2 has been superseded by a chapter of a Code of Practice issued under the Financial Institutions (Resolution) Ordinance (***FIRO***) named 'Resolution Planning – Core Information Requirements' (***CI-1***). A finalised version of CI-1 was published on 29 May 2017 following industry consultation, and came into force on 7 July 2017.[13] CI-1 provides guidance to AIs on: (i) the manner in which the HKMA exercises certain aspects of its powers and functions in relation to resolution planning and information gathering; (ii) resolvability assessments; (iii) resolution planning; (iv) removal of impediments to resolution; and (v) the HKMA's expectations in relation to the scope and content of the core information to be submitted by AIs pursuant to the FIRO in the initial stage of resolution planning. The HKMA intends to request core information from AIs in phases, starting with AIs which are considered to have more significant potential impact on financial stability in Hong Kong. The general expectation is that AIs will be required to submit core information within six months following receipt of a notice from the HKMA. • Under CI-1, AIs are expected to submit information on their financial functions that may be critical to the financial system in Hong Kong. Annex 1 to CI-1 provides a non-exhaustive list of the potential financial functions of an AI, which include deposits, lending and loan servicing, payments, clearing, custody and settlement, wholesale funding markets, and capital markets and investments. An AI that is a part of a G-SIB or an AI that is part of an overseas headquartered financial institution other than a G-SIB may be required to submit information outside of the phase-in timetable or going beyond the content described in CI-1, with a view to facilitating group-level resolution planning. • On 30 December 2016, the HKMA completed its annual assessment of the list of D-SIBs for 2017. Based on the assessment results, the list of banks designated as D-SIBs for 2017 remained unchanged from the list of D-SIBs published by the HKMA on 31 December 2015. The levels of HLA requirement for 2018 will be increased to the range of 0.75% to 2.625% (from a range of 0.50% to 1.75% in 2017).[14] • On 17 March 2017, the HKMA announced that a Resolution Office will be established in the HKMA on 1 April 2017. The Resolution Office will work to ensure that the Hong Kong resolution regime is operational for banks and its priorities will be to establish resolution policy standards for banks, define resolution strategies and conduct resolvability assessments of banks, work with banks to remove impediments to their orderly resolution, and develop

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			the operational capability necessary to execute orderly resolution. It will be headed by a Commissioner, Mr Stefan Gannon, who will report directly to the Chief Executive of the HKMA. Mr Gannon previously was the General Counsel of the HKMA.[15] • In the HKMA's Annual Report published on 28 April 2017[16], it was stated that the HKMA attended the CMGs of 12 G-SIBs organised by the relevant home authorities to develop resolution strategies for individual banks, assess the resolvability of each banking group, and identify any structural changes required to remove barriers to resolvability. • On 22 May 2017, the HKMA released a circular[17] regarding two consequential amendments introduced in the FIRO relating to the qualifying criteria for capital instruments issued by Hong Kong-incorporated AIs on or after the commencement date of the FIRO under the Banking (Capital) Rules. In order to qualify as Additional Tier 1 or Tier 2 capital of an AI under the Banking (Capital) Rules, the terms and conditions of the capital instrument must contain a provision to the effect that the holder of the instrument: i. acknowledges that the instrument is subject to being written off, cancelled; ii. converted or modified, or to having its form changed, in the exercise of powers under the FIRO; iii. agrees to be bound by any such write off, cancellation, conversion, modification or form change; and iv. acknowledges that the rights of the holder are subject to anything done in the exercise of those powers. • On 29 May 2017, the HKMA issued a briefing to the Legislative Council Panel on Financial Affairs[18], which refers to proposed amendments to incorporate recovery planning provisions into the Banking Ordinance to fully reflect the standards in the 'Key Attributes of Effective Resolution Regimes for Financial Institutions' published by the FSB in October 2011 (***Key Attributes***). Incorporating such provisions in the Banking Ordinance serves to provide greater transparency and certainty on the actions that should be taken by the banks and the HKMA's powers to require AIs to maintain and implement recovery plans. • The briefing also states that: (i) a number of policy papers are expected to be issued by the HKMA, which will describe how the HKMA plans to carry out its statutory functions as a resolution authority, and the resolution planning core information requirements for AIs; and (ii) a key priority for 2017 is to begin the development of rules relating to loss-absorbing capacity requirements for AIs (including the local implementation of the FSB's standard on TLAC), with a view to beginning a consultation around the end of 2017. • On 6 July 2017, the HKMA issued a circular concerning the third 'wave' of implementation of the Supervisory Policy Manual module RE-1 'Recovery Planning' (***SPM RE-1***)[19]. The SPM RE-1 covers overseas-incorporated AIs with branch operations in Hong Kong as well as smaller locally-incorporated AIs. AIs in this wave will be individually notified of the timeline for submitting recovery plans and related information. Further guidance on SPM RE-1 is provided in the annex to the circular, which covers among other things: (i)

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			scope of application; (ii) governance structure and oversight; (iii) recovery triggers; (iv) stress scenarios and stress testing; and (v) communication plan. • On 7 July 2017, the HKMA released a press release about the commencement of the FIRO, with the exception of certain provisions which will commence operation pending the making of the relevant rules.[20] On the same day, alongside the FIRO and CI-1, the HKMA issued two further Code of Practice chapters, namely '*Operational Independence of the Monetary Authority as Resolution Authority*' (***RA-1***)[21] and 'The HKMA's Approach to Resolution Planning' (***RA-2***)[22]. RA-1 provides an overview of the operational independence of the HKMA as a resolution authority. RA-2 provides guidance on the HKMA's approach to resolution planning for AIs which broadly involves: (i) gathering information from the AI; (ii) setting a preferred resolution strategy and developing a resolution plan that operationalises the preferred strategy for the AI; (iii) assessing the AI's resolvability; and (iv) addressing impediments to resolution. • On 21 December 2017, the HKMA issued a circular addressing the publication by the International Swaps and Derivatives Association, Inc. (***ISDA***) of a Hong Kong Country Annex (the ***Country Annex***) to the ISDA 2015 Universal Resolution Stay Protocol (the ***Protocol***). The Country Annex extends the coverage of the Protocol to the Hong Kong resolution regime and represents an important step towards meeting international commitment. The Protocol has been developed by a working group of ISDA member institutions in coordination with the FSB, and is an industry initiative to reduce the risks associated with the potentially disorderly early termination of over-the-counter swaps and certain other financial contracts of a financial institution in resolution. This is achieved through the contractual recognition by the financial institution's counterparties of stays and overrides of termination rights under certain resolution regimes. The Country Annex provides a means for parties adhering to the Protocol to contractually agree to the relevant provisions under the FIRO. Adherence to the Protocol and the Country Annex would provide for the contractual recognition of the relevant provisions under the FIRO, alongside the relevant provisions under the resolution regimes in other jurisdictions that are covered by the Protocol.[23] • On 29 December 2017, the HKMA completed its annual assessment of the list of D-SIBs for 2018. Based on the assessment results, Industrial and Commercial Bank of China (Asia) Limited has been added to the list of authorized institutions designated as D-SIBs and therefore the overall number of D-SIBs has increased to 6. The levels of HLA requirement for 2019 will be increased to the range of 1% to 3.5% (from a range of 0.75% to 2.625% in 2018).[24] • On 17 January 2018, the HKMA launched a two-month public consultation on a set of proposed rules relating to loss-absorbing capacity (***LAC***) requirements for AIs under the FIRO. The proposed rules seek to set out minimum LAC requirements for AIs , and to align with the international LAC standards as set by the FSB in its '*Total Loss-absorbing Capacity Term Sheet*'. The consultation invited views on among other things: i) scope of institutions that will be covered; ii) calibration of minimum requirements; iii) eligibility criteria for LAC instruments; and iv) restrictions on the sale and distribution of LAC instruments and safeguards. The deadline for submitting responses to the consultation was 16 March 2018.[25]

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			• On 24 January 2018, the Banking (Amendment) Bill 2017 was passed by the Legislative Council and enacted as the Banking (Amendment) Ordinance 2018 (the ***amendment ordinance***). The amendment ordinance was gazetted on 2 February 2018.[26] The main purpose of the amendment ordinance is to ensure the Banking Ordinance is up-to-date with the latest international standards on large exposure limits and recovery planning. On recovery planning, the HKMA has previously relied on the information gathering power under the Banking Ordinance to require AIs to prepare recovery plans, but to ensure full compliance with the FSB's Key Attributes, the amendment ordinance introduced a new Part XIIA to prescribe explicit recovery planning requirements in the Banking Ordinance. Under the new provisions: i. the HKMA may require an AI to prepare, maintain and submit a recovery plan; ii. the HKMA may impose requirements on an AI in relation to its recovery plan to ensure that the plan is fit for its purpose, having regard to the nature, scale and complexity of an AI; iii. the HKMA may require an AI to revise the recovery plan to address any deficiencies identified, and direct an AI to implement one or more measures under specific conditions; iv. AIs are required to notify the HKMA of the occurrence (or likely occurrence) of any trigger events specified in their recovery plans; and v. the HKMA may, in certain circumstances, impose similar requirements on an AI's holding company that is locally incorporated. • The provisions relating to recovery planning took effect from 2 February 2018. The HKMA will update SPM RE-1 accordingly to reflect the new legislative changes. • On 28 February 2018, the FSB published its peer review of Hong Kong.[27] The peer review examined two topics relevant for financial stability in Hong Kong: over-the-counter derivative market reforms, and the framework for resolution of financial institutions. The peer review found that good progress had been made in recent years on both topics, reflecting Hong Kong's strong commitment to implementing international standards, driven by its status as an international financial centre. The peer review also noted the following areas where additional work needs to be done on the framework for resolution of financial institutions: i. completing the resolution framework: the FIRO establishes a legal framework for resolution, but further steps are necessary to complete the resolution framework and to ensure that it can be applied effectively and efficiently in practice. The FSB's recommendation is that the authorities should complete the resolution framework by: (a) adopting necessary rules and regulations as subsidiary legislation and guidance; and (b) reviewing and enhancing internal governance and cross-sectoral coordination arrangements for crisis management and resolution in light of the FIRO; ii. capability to plan and execute resolutions and to access resolvability: the FIRO confers on resolution authorities rule-making powers to address issues relating to resolvability of within-scope firms, hence for the FIRO to be effective, it will be important that each resolution authority ensures sufficient resources are devoted to the development and implementation

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			of policy on resolution planning and resolvability. The FSB's recommendation is that the HKMA, SFC and IA should advance resolution strategies and planning, and develop their approaches to resolvability assessments, in particular by: (a) identifying strategies for CCPs and for banks other than G-SIBs; and (b) developing and maintaining sufficient internal capabilities; and iii. resolution-funding framework: the FSB recommended that the HKMA, SFC and IA should operationalise resolution funding arrangements provided for under the FIRO by: (a) establishing the levy framework to underscore the intent to recoup public funds used in resolution; and (b) planning options for the funding facility's design, including governance. • On 26 April 2018, the HKMA issued a consultation on the implementation of TLAC holdings standard.[28] The consultation paper outlines the HKMA's proposals for implementing the Basel Committee on Banking Supervision (***BCBS***) October 2016 final standard on "TLAC Holdings" to specify the regulatory capital treatment of banks' holdings of TLAC instruments (the ***BCBS Final Standard***). The HKMA's intention is to implement the BCBS Final Standard locally as described in the consultation paper with effect from 1 January 2019 in line with the BCBS scheduled timeline and the proposed effective date of the LAC rules. The consultation period ended on 28 May 2018. • On 25 July 2018, the HKMA released the consultation conclusion on the consultation relating to rules prescribing LAC requirements for AIs under the FIRO (and the consequential amendments to the Inland Revenue Ordinance to afford debt-like tax treatment to certain eligible debt instruments).[29] On the same date, the HKMA issued the draft text of the LAC rules[30] and amendments to the Inland Revenue Ordinance[31] for industry consultation. The consultation period ended on 5 September 2018. The HKMA's intention is to table the draft LAC rules and the amendments to the Inland Revenue Ordinance in the Legislative Council in Q4 2018. Subject to completion of the negative vetting procedure, it is expected that the LAC rules would come into operation around the end of 2018. The HKMA also intends to issue a draft LAC code of practice chapter for industry consultation later in 2018. • On 19 October 2018, the Financial Institutions (Resolution) (Loss-absorbing ccapacityRequirements- Banking Sector) Rules (the ***LAC Rules***) and the Inland Revenue (Amendment) (No. 6) Bill 2018 (the ***IRO LAC Amendment Bill***) were gazetted.[32] Subject to the negative vetting by the Hong Kong Legislative Council, the LAC Rules will come into effect on 14 December 2018. • On 19 October 2018, the same day of the gazettal of the LAC Rules, the HKMA published a draft FIRO Code of Practice chapter on Resolution Planning- LAC Requirements (***LAC Code of Practice***) for industry consultation (with the consultation period running until 3 December 2018).[33] The primary purpose of the LAC Code of Practice is to provide guidance on how the HKMA as resolution authority for banking sector entities intends to exercise certain discretionary powers under the LAC Rules, and on the operation of certain provisions of the Rules.

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		Financial Services and the Treasury Bureau of the Hong Kong Government (*FSTB*)	• The FSTB, in conjunction with the HKMA, the SFC and the IA, on 7 January 2014 published a 141-page public consultation paper on proposals for a resolution regime for certain banks, securities and futures companies, insurers and financial market infrastructures (FMIs) in Hong Kong. The deadline for providing feedback was 6 April 2014. The FSTB noted in the consultation paper that there will be a second consultation exercise on these policy issues later in 2014, with a view to introducing a bill into the Legislative Council in 2015.[34] • The FSTB, in conjunction with the HKMA, the SFC and the IA, on 21 January 2015, published a 145-page second consultation paper and conclusions from the first consultation on proposals for a resolution regime. The deadline for providing feedback was 20 April 2015. Among other things, the second consultation paper included further details on the resolution options and powers proposed in the first consultation paper, the governance arrangements and especially the approach to designating resolution authorities and safeguards including a 'no creditor worse off than in liquidation' compensation mechanism. The paper noted that as work is still continuing at the international level to provide guidance on the implementation of certain aspects of the new standards, there is expected to be a third shorter consultation later in 2015 (but see more recent information below), which would focus on the following issues in particular: i. the 'bail-in' resolution option and local implementation of the FSB framework for TLAC; ii. cross-border resolution actions; iii. the funding mechanism; and iv. the protection of client assets in resolution.[35] • The FSTB, in conjunction with the HKMA, the SFC and the IA, on 9 October 2015, published a 66-page paper which set forth the authorities' conclusions in respect of the proposals in the second consultation paper and certain further issues that were referenced in the second consultation paper as remaining under development internationally. No further specific questions were asked in the paper, but the paper invited anyone with substantive issues regarding the contents of the paper to raise those issues directly with the authorities. The paper also reaffirmed the authorities' intention to submit a bill to the Hong Kong Legislative Council by the end of 2015. The paper noted that the authorities intend to continue to engage with various stakeholders throughout the legislative process and thereafter as they develop and issue rules, codes of practice and guidance on various aspects of the resolution regime.[36] • On 20 November 2015, the HK Resolution Bill was published in the Hong Kong Gazette. The HK Resolution Bill was passed as the FIRO on 22 June 2016.[37] The FIRO came into operation on 7 July 2017.[38] The FIRO provides for a cross-sectoral resolution regime for all AIs, certain SFC-licensed corporations, certain insurers, and certain FMIs and exchanges in Hong Kong. Under the FIRO, the HKMA, the SFC and the IA are the designated resolution authorities for the banking sector, securities and futures sector and insurance sector, respectively. A resolution authority may conduct resolvability assessments on financial institutions that are within the scope of the regime with a view to identifying any barriers that could prevent or impede the orderly resolution

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			of the institutions so that such barriers may be removed. If an institution becomes non-viable for the purposes of the FIRO, the resolution authority may take certain resolution actions, including imposing a statutory bail-in of the institution's liabilities, transferring businesses/assets to a bridge institution, selling all or part of the institution to a purchaser, transfers to an asset management vehicle, or transfers to temporary public ownership. Although the FIRO does not mandate any specific consultation process, the authorities intend to consult stakeholders on the proposed approach to rules, regulations and code of practice to be made under the FIRO that impact financial institutions directly. To this end, the HKMA has consulted the industry on its proposed requirements for core resolution planning information. • On 22 November 2016, the FSTB, together with the HKMA, SFC and IA, launched a two-month public consultation[39] on a set of proposed regulations relating to the protected arrangements under the FIRO. The consultation invited views on the scope and the degree of protection for different classes of protected arrangements, namely: (i) clearing and settlement systems arrangements; (ii) netting arrangements; (iii) secured arrangements; (iv) set-off arrangements; (v) structured finance arrangements; and (vi) title transfer arrangements. The consultation also covered proposals on necessary carve-outs from the protections, as well as remedial actions to be taken by a resolution authority should its actions inadvertently result in the constituent parts of a protected arrangement being treated otherwise than as envisaged in the regulations. On 6 April 2017, the consultation conclusion[40] was released. The protected arrangements regulation came into force on 7 July 2017, subject to negative vetting by the Legislative Council.[41] • On 7 June 2017, a resolution was made and passed by the Legislative Council, which extended the period for amendment in relation to the Financial Institutions (Resolution) Ordinance (Commencement) Notice 2017 and the Financial Institutions (Resolution) (Protected Arrangements) Regulation (the ***Regulation***) to 5 July 2017.[42] • On 4 July 2017, a Notice of Designation of Lead Resolution Authority under the FIRO was published in the Hong Kong Gazette[43]. This notice designates the HKMA as the lead resolution authority of 25 cross-sectoral groups which include both banking sector entities and securities and futures sector entities. The designation takes effect from 7 July 2017. This notice was subsequently amended by an Amendment to Notice of Designation of Lead Resolution Authority published in the Hong Kong Gazette on 27 April 2018, which took effect on the same day. One of the cross-sectoral groups and its within scope financial institutions were removed.[44] • On 7 July 2017, the Regulation came into effect. The Regulation imposes appropriate constraints on the resolution authorities under the FIRO, namely the HKMA, the IA and SFC, in the event that it is necessary for them to exercise resolution powers to manage the orderly failure of a non-viable systemically important FI in Hong Kong. These constraints are designed to safeguard the economic effect of a certain set of financial arrangements, defined as "protected arrangements" under section 74 of the FIRO, that are crucial to the daily functioning of financial markets.[45]

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			• On 11 August 2017, a Notice of Designation of Recognized Exchange Companies as Within Scope Financial Institutions under the FIRO was published in the Hong Kong Gazette[46]. This notice designates that: (i) the Stock Exchange of Hong Kong Limited; and (ii) Hong Kong Futures Exchange Limited are recognised exchange companies as within scope financial institutions. The designation took effect on the same day. • On 27 April 2018, two Notices of Designation of Lead resolution Authority under the FIRO were published in the Hong Kong Gazette. The two notices designate that: i. the HKMA as the lead resolution authority of an additional cross-sectoral group and its within scope financial institutions[47]; and ii. the IA as the lead resolution authority of six cross-sectoral groups and each of its within scope financial institutions[48]. The designations took effect on the same day.
2	Singapore	Monetary Authority of Singapore (*MAS*)	• The MAS released a consultation paper on proposed amendments to the Monetary Authority of Singapore Act on 26 December 2012 (the ***MAS Consultation Paper***).[49] The proposals adopt some of the recommendations made in the FSB's Key Attributes. It was noted in the MAS Consultation Paper that the '*MAS is monitoring the global implementation of [the Key Attributes] before formulating changes to the resolution regime for financial institutions in Singapore.*' The MAS published a response to the feedback received on 5 February 2013.[50] • Following the MAS Consultation Paper, the Monetary Authority of Singapore (Amendment) Bill 2013 and the Financial Institutions (Miscellaneous Amendments) Bill 2013 were passed on 15 March 2013, extending the existing resolution regime applicable to banks and insurers to a wider group of financial institutions and providing additional powers to the MAS.[51] • According to the MAS's 2014/15 Annual Report, the MAS has been involved in the CMG meetings of six G-SIBs. The meetings facilitate information exchanges between home and host supervisors and the establishment of institution-specific cross-border co-operation agreements to support RRP.[52] • In a 2013 International Monetary Fund (*IMF*) assessment, it was stated that '*several systemically important banks [in Singapore], including the locally-incorporated banks and domestic branches of foreign banks, are in the process of developing recovery plans*'[53] and the '*MAS has required several systemically important banks to submit their recovery plans. MAS has engaged the banks as part of an iterative process to formulate MAS's rules on recovery and resolution planning... In addition, MAS is currently working towards a multilateral sharing arrangement amongst Executives Meeting of East Asia Pacific Central Banks' Working Group on Banking Supervision members on resolution planning information, via a resolution planning survey to be completed and shared amongst the member countries. MAS will also be engaging host supervisors bilaterally on bank-specific resolution issues, such as the systemic importance and relevance of the Singapore operations in the host jurisdictions and their financial systems.*'[54] • On 25 June 2014, the MAS released a consultation paper proposing a D-SIB framework in Singapore. The paper outlines the assessment methodology for identifying D-SIBs and a range of policy measures applicable to them, including HLA requirements and RRP. The consultation period closed on 25 July 2014.[55] The MAS published its response to feedback received from the public consultation on 30 April 2015.[56]

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			• On 30 April 2015, the MAS published its framework for identifying and supervising D-SIBs in Singapore and the inaugural list of seven D-SIBs.[57] The MAS will apply additional supervisory measures on banks designated as D-SIBs. Banks that have a significant retail presence in Singapore will be required to locally incorporate their retail operations. Locally-incorporated D-SIBs will need to meet capital requirements higher than the Basel III minimum requirements. Other measures such as RRP, liquidity coverage ratio requirements, and enhanced disclosures will also apply, depending on the bank's operating model and structure. The MAS will allow a transition period for affected banks to comply with the requirements that are currently not in effect, such as the local incorporation requirement. The D-SIB framework, including the methodology and indicators, will be reviewed periodically. • On 26 May 2015, the FSB, in its Thematic Review on Supervisory Frameworks and Approaches for SIBs, recognised that Singapore is making legislative changes to expand resolution powers. SIBs are required to establish a recovery planning process, and submit recovery plans and information relating to resolution planning. The FSB noted that work is in progress to implement the FSB's Key Attributes, and in particular, implementing statutory powers for bail-in and stays on termination rights, taking into account the local context.[58] • On 23 June 2015, the MAS released a Consultation Paper on Proposed Enhancements to Resolution Regime for Financial Institutions in Singapore. In the paper, the MAS proposed enhancements to the resolution regime in Singapore by strengthening its powers to resolve distressed institutions while maintaining continuity of their critical economic functions. The policy proposals covered: i. RRP; ii. temporary stays on early termination rights on financial contracts, ensuring continuity of essential services and functions; iii. temporary suspensions and stays on insurance contracts; iv. statutory bail-in powers; v. cross-border recognition of resolution actions; vi. creditor safeguards; and vii. resolution funding. • The submission deadline for comments on the proposals was 22 July 2015.[59] The MAS published two related documents on 29 April 2016: (i) the MAS's response to feedback received from the consultation[60]; and (ii) a Consultation Paper on the Proposed Legislative Amendments to Enhance the Resolution Regime for Financial Institutions in Singapore.[61] The 29 April 2016 consultation paper seeks to amend (i) the MAS Act in order to strengthen the MAS's powers to resolve distressed financial institutions while maintaining continuity of their critical economic functions; and (ii) the Monetary Authority of Singapore (Control and Resolution of Financial Institutions) Regulations 2013 (***MAS Regulations***) in order to include safeguards to ensure that set-off and netting arrangements will not be affected by the exercise of resolution powers under the MAS Act. • The proposed amendments to the MAS Act: (i) consolidate the MAS's powers to impose RRP requirements on pertinent financial institutions and insurers

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			that have been notified by the MAS. Such pertinent financial institutions and insurers will have to prepare recovery plans, submit information to the MAS for resolution planning, and where necessary adopt measures to address deficiencies in their recovery plans and remove impediments to resolvability; (ii) empower the MAS to stay, for a maximum of two business days, the termination rights of counterparties to financial and non-financial contracts entered into with a pertinent financial institution or insurer over which the MAS has exercised its resolution powers; (iii) contain a statutory bail-in regime, which the MAS intends to be applicable only to Singapore-incorporated banks and bank holding companies for the time being; and (iv) provide for the recognition of cross-border resolution actions, a creditor-and-shareholder compensation framework, and a resolution funding framework. The amendments to the MAS Regulations on the other hand ensure that set-off and netting arrangements will not be affected by the exercise of resolution powers under the MAS Act, in particular where there is a transfer of part but not the whole of the business of a pertinent financial institution. • The MAS was also consulting on a draft notice and guidelines on RRP for banks. The proposed notice and guidelines elaborate on the development of a framework of trigger events and recovery options, as well as the information that local and foreign banks are required to maintain for resolution planning. The consultation has closed on 30 May 2016. • On 25 January 2016, the Banking (Amendment) Bill 2016 was moved for first reading in Singapore's Parliament. The bill introduces two main measures to strengthen prudential safeguards. The bill provides the MAS with the power to require foreign banks to locally incorporate all or part of their banking business, if the MAS is of the opinion that it is necessary or expedient in the interest of the public, the banks' depositors, or the financial system in Singapore. This requirement for local incorporation is one of the supervisory measures for D-SIBs that the MAS announced on 30 April 2015. The bill also empowers the MAS to set the banks' leverage ratio and liquidity coverage ratio requirements, in line with international standards.[62] The Banking (Amendment) Act 2016 was passed on 29 February 2016, and will come into force on a date to be notified in the Gazette.[63] • In the FSB's 18 August 2016 'Resilience through resolvability – moving from policy design to implementation; 5th Report to the G20 on progress in resolution' (*FSB's 5th Report on Progress in Resolution*)[64], it was reported that draft legislation was prepared and put in the public domain for consultation, for the introduction of specific powers to require RRP and explicit power to make changes to remove barriers and impediments to resolvability. • Mr Ong Chong Tee, Deputy Manging Director of the MAS, gave a speech on 14 October 2016 at the launch of the EU – Asia-Pacific Forum on Financial Regulation, where he stated that the '*MAS expects and will place priority to ensure our central counterparties (CCPs) have clear arrangements to enable custody and investment losses to be allocated in a way which allows CCPs to be solvent and can continue to provide its critical services... there must be appropriate governance arrangement and incentive structures to promote prudent risk management... such arrangements can include providing transparency to member firms, having "Skin-In-The-Game" contributions from the CCP, and putting in place oversight structures to oversee such safeguards*'. He suggested that setting up CMG for CCPs will allow the cross-border impact to be considered in resolution planning.[65]

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			• On 8 May 2017, the Monetary Authority of Singapore (Amendment) Bill 2017 was moved for first reading in Parliament. The bill largely adopts the proposals from the 29 April 2016 consultation. It also introduces a number of technical amendments that clarify and enhance the MAS's existing resolution powers.[66] • On 4 July 2017, the Monetary Authority of Singapore (Amendment) Act 2017 was passed in Parliament[67]. Only some of the provisions have come into effect, including the provisions on recovery and resolution planning which came into force on 5 June 2018.[68] Regulations to operationalize the provisions of the bill will be promulgated in due course (the MAS has released consultation papers on the proposed regulations as elaborated on below). • On 23 August 2017, the MAS published a monograph on MAS' Approach to Resolution of Financial Institutions in Singapore[69]. The monograph sets out MAS' approach for operationalising the enhanced resolution framework in the Monetary Authority of Singapore (Amendment) Act 2017, highlighting that the MAS' overarching objective is to achieve an orderly resolution when a financial institution is no longer viable, such that financial stability and the continuity of critical functions performed by financial institutions and financial market infrastructures are maintained. • On 26 February 2018, the FSB published its peer review of Singapore.[70] The peer review examined in particular the steps taken by the authorities to implement reforms in the macroprudential policy framework, and the framework for resolution of financial institutions. The peer review found that good progress had been made in recent years on both topics, reflecting Singapore's strong adherence to international standards and focus on financial stability. The peer review also noted the following areas where additional work needs to be done on the framework for resolution of financial institutions: i. funding of resolution actions: currently, the scope of liabilities subject to the bail-in power is limited to unsecured subordinated debt and loans, contingent convertible instruments and contractual bail-in instruments, and does not extend to other unsecured and uninsured creditor claims (e.g. senior debt liabilities). This is not fully aligned with the objective of the Key Attributes. The FSB's recommendation is that the authorities should further strengthen the resolution framework to minimise the risk of public support by: (a) extending the scope of bail-in to include senior debt; and (b) promulgating regulations to further clarify loss allocation and the mandatory mechanism for ex post recovery from the industry of resolution funding; ii. balancing supervision and resolution perspectives: the MAS does not have a dedicated resolution unit, and relies instead on subject matter experts within the supervisory team to conduct such work in consultation with a resolution working group. The FSB's recommendation is that the MAS should take steps to balance supervision and resolution perspectives by: (a) establishing a resolution hub to bring together staff in supervisory and other teams responsible for supporting resolution-related activities; (b) ensuring that the hub has regular access to senior management, e.g. through a separate reporting line; and (c) tasking a member of MAS senior management outside of line supervision with responsibility to champion the resolution perspective; and

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			iii. refining, extending and operationalising resolution planning work: the FSB recommended that the MAS should continue to develop the resolution planning framework by: (a) refining resolution strategies and operationalising resolution plans, particularly for local D-SIBs; (b) addressing barriers to resolvability; and (c) developing sector-specific adaptations to resolution planning and resolution strategies for insurance companies and FMIs that could be systemic in failure. • On 9 April 2018, the MAS released a Consultation Paper on Proposed Regulatory Capital Treatment of Banks' Holdings of TLAC Liabilities under MAS Notice 637[71]. In the paper, the MAS proposed amendments to MAS Notice 637 on Risk Based Capital Adequacy Requirements for Banks Incorporated in Singapore to implement BCBS Final Standard. The proposed amendments, intended to take effect from 1 January 2019, seek to limit contagion within the financial system if a global systemically important bank were to enter resolution. The proposals covered: i. introduction of an additional 5% threshold for non-regulatory capital TLAC holdings in accordance with the BCBS standard; and ii. introduction of an additional 5% threshold used only for non-regulatory capital TLAC holdings that meet the following conditions: (a) the holding is in the bank's trading book; and (b) the holding is sold within 30 business days of the date of its acquisition. The submission deadline for comments on the proposals was 9 May 2018. • On 16 July 2018, the MAS released a consultation paper on proposed regulations to enhance the resolution regime for financial institutions in Singapore.[72] The MAS proposed amendments to the Monetary Authority of Singapore (Control and Resolution of Financial Institutions) Regulations 2013 and introduction of new regulations under the Deposit Insurance and Policy Owners' Protection Schemes Act. The proposed amendments are in relation to five areas: (i) temporary stays on termination rights; (ii) statutory bail-in regime; (iii) creditor compensation framework; (iv) safeguards on covered bond programmes; and (v) resolution funding arrangements. The submission deadline for comments on the proposals was 16 August 2018. • On 26 October 2018, the MAS released a paper which sets out its responses to the feedback received on the proposed regulations to enhance the resolution regime for financial institutions in Singapore issued on 16 July 2018.[73] The MAS provided responses in the paper with respect to four areas: (i) temporary stays on termination rights; (ii) statutory bail-in regime; (iii) creditor compensation framework; and (iv) resolution funding arrangements. The Monetary Authority of Singapore (Control of Financial Institutions) Regulations 2013 will be revoked and two new separate regulations will be issued: the Monetary Authority of Singapore (Control of Financial Institutions) Regulations 2018 and the Monetary Authority of Singapore (Resolution of Financial Institutions) Regulations 2018. The Monetary Authority of Singapore (Safeguards for Compulsory Transfer of Business, and Exemption from Moratorium Provisions) Regulations 2018 will also be revoked and the relevant provisions will be incorporated into the Monetary Authority of Singapore (Resolution of Financial Institutions) Regulations 2018. These changes will take effect from 29 October 2018 (with the exception of the new regulations relating to resolution funding arrangements under the Deposit Insurance and Policy Owners' Protection Schemes Act, which will take effect at a later date).

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3	Australia	Australian Prudential Regulation Authority (***APRA***)	• In 2011, APRA implemented a pilot programme on recovery plans for certain larger authorised deposit-taking institutions (***ADIs***) in Australia. ADIs were required to prepare a comprehensive recovery plan setting out the specific actions they would take to restore themselves to a sound financial condition in the context of an assumed scenario involving a major depletion of capital and associated liquidity pressures. Draft recovery plans were required by the end of 2011 and finalised plans were required by mid-2012.[74]
		Reserve Bank of Australia (***RBA***)	• In a report published by APRA in 2012, it was noted that '*APRA is extending the recovery planning exercise to medium-sized ADIs and is considering its extension to the larger general insurers and life insurers in 2013.*'[75] • In September 2012, the Australian government issued a consultation paper with proposals to enhance APRA's resolution powers in relation to ADIs, superannuation entities and general and life insurers.[76] The consultation concluded on 14 December 2012. APRA stated in its 2013 Annual Report that '*No final position on [the] options [proposed in the consultation paper] has been reached.*'[77] • APRA published an information paper on 23 December 2013 on its framework for dealing with D-SIBs. The information paper provides details on the methodology APRA has used to identify D-SIBs in Australia and how the HLA requirement will apply. The D-SIB framework came into effect on 1 January 2016, in accordance with the BCBS timetable.[78] • In the RBA's 2013 Financial Stability Review and the APRA's 2013 Annual Report, it was noted that the Council of Financial Regulators (CFR, comprising the RBA, APRA, the Australian Securities and Investments Commission and the Treasury) are currently working on further refinements to the resolution regimes for prudentially regulated entities and for FMIs (such as payment systems, CCPs and securities settlement systems).[79] The CFR has been developing legislative proposals that would strengthen recovery and resolution regimes for FMIs.[80] • Australian licensed CCPs will be required to develop and maintain comprehensive and effective recovery plans by 31 March 2014 as required under the new Financial Stability Standards set by the RBA in December 2012.[81] • In December 2014, APRA released the final prudential standard CPS 220 and the corresponding prudential practice guide applicable to the financial services and banking industry.[82] CPS 220 relates to APRA's approach to implementing standards across the industry to harmonise and enhance their risk management framework. In particular, an APRA-regulated institution must maintain a risk management strategy that addresses the process for establishing and maintaining appropriate contingency arrangements (including robust and credible recovery plans where warranted) for the operation of the risk management framework in stressed conditions.[83] APRA-regulated institutions are expected to comply with CPS 220 from 1 January 2015 onwards. As part of this release, APRA has also released an amended prudential standard CPS 510 where governance standards related to risk management have been updated to align with those of CPS 220.[84] • In APRA's 2014 Annual Report, it was noted that '*[a]long with members of the [CFR], APRA has continued its work on general resolution planning, with a focus on measures that would enable cost-effective resolution of a regulated institution in the*

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			event recovery is not feasible. This work has primarily involved exploring resolution options for a distressed ADI, and funding issues related to the Financial Claims Scheme, including options for prefunding, and refinement of ADI crisis resolution coordination.'[85] • On 20 February 2015, the Australian government launched a consultation on proposals for a special resolution regime for FMIs.[86] The proposed regime would cover domestic clearing and settlement facilities, with the RBA as the resolution authority; and domestic trade repositories that are identified as systemically important, with the Australian Securities and Investments Commission as the resolution authority. The scope and structure of the proposed regime and the powers envisaged are consistent with the Key Attributes. The consultation closed on 27 March 2015. The consultation paper on FMI resolution is part of broader ongoing work to strengthen domestic resolution and crisis management arrangements. • On 24 June 2015, the RBA and the Bank of England signed a memorandum of understanding to facilitate rapid information exchange and co-operation and liaison, to address information sharing in Emergency Situations as well as in day-to-day supervision of 'Regulated Entities', which includes CCPs and securities settlement facilities in the UK and Australia. The RBA and the Bank of England will periodically review whether any Regulated Entities merit specific discussion of contingency planning and crisis management preparations. Each authority will endeavour to inform the other authority of regulatory changes relating to resolution measures, which will or may have a material impact on the operations or activities of a Regulated Entity in the other authority's jurisdiction.[87] • On 28 August 2015, APRA published its 2015–2019 Corporate Plan outlining its priorities, which are encapsulated in six strategic objectives.[88] The strategic objective on 'Failure and Crisis Preparedness' covers measures for enhancing supervision, maintaining a robust prudential framework, and materially strengthening APRA's failure and crisis preparedness. Note that the link to this is no longer accessible. • In its 2015 Annual Report, APRA noted that during 2015 it has '*continued its work on resolution planning along with the members of the CFR. The work primarily involved exploring resolution options for a distressed ADI, including identifying areas where enhancements to APRA's crisis management powers may be required. APRA has also continued to work closely with New Zealand agencies on trans-Tasman crisis management arrangements, under the auspices of the Trans-Tasman Council on Banking Supervision. APRA also undertook both internal (for different APRA-regulated industries) and cross-agency (for ADIs) simulation exercises to test its capacity to respond to crisis scenarios.' APRA also noted that 'the strengthening of APRA's preparedness for financial failures in institutions has been identified as a strategic priority for 2015/2016.*'[89] • On 20 October 2015, the government issued its response to the Financial System Inquiry in which the government agreed that regulatory settings should provide regulators with clear powers in the event a prudentially regulated financial entity or FMI fails, and stated that they will consult on measures to clarify and strengthen regulatory powers by mid-2016.[90] • In November 2015, the conclusions to the consultation for a special resolution regime for FMIs were issued.[91] The CFR is advising the government on the

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			development of draft legislation that reflects the proposals set out in the consultation paper and the response to consultation. The draft legislation will incorporate changes to the Corporations Act to implement the proposed new approach to assessing whether an overseas clearing and settlement facility must be either licensed or exempted, while the development of the draft legislation is expected to proceed alongside legislative changes to enhance APRA's crisis management powers. Stakeholders will have the opportunity to comment on the draft legislation in due course. According to the Australian Securities Exchange's (*ASX*) 2016 Annual Report (published on 18 August 2016), the CFR has indicated that the draft legislation is expected in FY17, subject to Parliament's legislative programme.[92] • The Financial Stability Review published by the RBA in April 2016[93] noted that '*work is underway to prepare legislative reforms that will include updated proposals to strengthen APRA's crisis management powers, as well as introduce a resolution regime for FMIs that aligns with the Key Attributes. The update to APRA's crisis management powers builds on proposals consulted on in 2012 and covers all APRA-regulated entities. It will broaden APRA's powers to respond to the distress or failure of a financial group or foreign bank branch, give binding directions and appoint a statutory or judicial manager. The resolution regime for FMIs will reflect the CFR's November 2015 response to generally supportive feedback from a consultation last year. The planned regime would extend to all domestically incorporated and licensed clearing and settlement facilities, as well as trade repositories that are incorporated and licensed in Australia. It will also empower the Australian authorities to act to support overseas authorities resolving FMIs that are licensed to operate in Australia. In addition, the CFR sees a case for considering whether the scope of powers should be extended to address the situation in which offshore resolution authorities acted, or failed to act, in a way that adversely affected Australian interests. Under the planned regime the RBA would be the resolution authority for clearing and settlement facilities, with an overarching objective to maintain overall stability in the financial system and an additional key objective to maintain the continuity of critical FMI services.*' • The FSB's 5th Report on Progress in Resolution indicated that there has been a policy development pre-consultation for the development of a formal framework for RRP and power to require changes to improve resolvability. In its 2015/2016 Annual Report[94], APRA stated that it continued its work in identifying and progressing enhancements to Australia's failure and crisis management framework, and focused on developing its RRP policies, including potential prepositioning measures to improve the resolvability of regulated institutions. The Annual Report also referred to the stress test conducted by APRA in 2014 of the ADI industry, which highlighted the need for further improvements in ADI recovery plans. In particular, when considering actions to rebuild capital in the stress scenario, there was only limited use of previously documented recovery plans. The stress test also raised concerns about the extent to which ADIs had considered the combined impact of their mitigating actions in a systemic scenario. As a result, APRA began a thematic review of ADI recovery planning, leading to new APRA guidance to relevant ADIs, and requests to larger ADIs to submit updated recovery plans based on such guidance. • The Financial Stability Review published by the RBA in October 2016[95] noted that '*CFR agencies continue to collaborate on strengthening Australia's resolution and*

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			crisis management arrangements. APRA is currently reviewing and benchmarking recovery plans submitted by large authorised deposit-taking institutions and developing its resolution planning framework, to ensure it is able to use its resolution powers when needed. Work continues on preparing legislative reforms to strengthen APRA's crisis management powers, as well as to introduce a resolution regime for FMIs.' • The Financial Stability Review published by the RBA in April 2017[96] stated that the CFR has continued to work on implementing internationally agreed reforms as well as regulatory enhancements in areas such as resolution and crisis management, risk management in financial institutions, and settlement systems. • On 18 August 2017, the government released the draft of Financial Sector Legislation Amendment (Crisis Resolution Powers and Other Measures) Bill 2017 (***Crisis Powers Bill***).[97] The Crisis Powers Bill will align APRA's powers more closely with the FSB's Key Attributes. In particular, it provides APRA with: i. clear powers to set requirements for resolution planning and to ensure banks and insurers are better prepared for a crisis; and ii. an expanded set of crisis resolution powers that would allow APRA to act decisively to facilitate the orderly resolution of a distressed bank or insurer. • Under the explanatory memorandum of the Crisis Powers Bill[98], the amendments are intended to: i. enhance APRA's statutory and judicial management regimes to ensure their effective operation in a crisis; ii. enhance the scope and efficacy of APRA's existing directions powers; iii. improve APRA's ability to implement a transfer under the Financial Sector (Business Transfer and Group Restructure) Act 1999; iv. ensure the effective conversion and write-off of capital instruments in accordance with APRA's prudential standards; v. enhance stay provisions to ensure that the exercise of APRA's powers against one entity in a group does not trigger adverse rights under contracts of other relevant entities in the same group; vi. enhance APRA's ability to respond when an Australian branch of a foreign regulated entity may be in distress; vii. enhance the efficiency and operation of the Financial Claims Scheme and ensure that it supports the crisis resolution framework; viii. enhance and simplify APRA's powers in relation to the wind-up or external administration of regulated institutions, and other related matters; and ix. ensure that APRA has clear powers to make appropriate prudential standards on resolution planning and to require institutions to take measures to improve their preparedness for resolution where appropriate. • On 22 August 2017, APRA published its 2017-2021 Corporate Plan outlining its priorities, which are encapsulated in four strategic initiatives.[99] The strategic initiative on 'Building Recovery and Resolution Capability' covers measures to assist in the passage of the Crisis Powers Bill, develop a materially stronger

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			prudential framework for managing failure, and improve APRA's internal readiness to resolve failures and near-failures as well as to administer the Financial Claims Scheme. • The Financial Stability Review published by the RBA in October 2017[100] stated the '*CFR have focused on strengthening and testing crisis management frameworks, ongoing implementation of international reforms, and reducing misconduct and enhancing the culture within financial institutions*'. • On 6 October 2017, APRA published its 2016/2017 Annual Report[101]. APRA stated that it has, throughout the year, devoted attention to building on its stress-testing work and promoting greater awareness within regulated institutions of the need for credible recovery plans in the event of a period of severe adversity. The Annual Report also referred to its ongoing stress-testing program for ADIs. This includes the reverse stress test for the largest ADIs in 2016, the more extensive ADI industry stress test in 2017 and APRA's first industry stress test of general insurers. As a result, APRA concluded thematic reviews and benchmarking exercise of recovery plans submitted by the larger ADIs and insurers respectively. Following the thematic reviews on ADIs and insurers, APRA updated its recovery planning guidance for the large ADIs (also available to other ADIs as appropriate to help them develop recovery plans proportionate to their size and complexity) and is under progress to provide draft guidance to the insurers over 2017/18. • On 16 November 2017, the Senate referred the Crisis Powers Bill to the Economics Legislation Committee for inquiry and report by 9 February 2018. Submissions closed on 18 December 2017[102]. • On 15 December 2017, the RBA issued a submission to the Senate Economics Legislation Committee on the Crisis Powers Bill[103]. The RBA supports the package of reforms set out in the Crisis Powers Bill in its entirety and considers the passage of the Crisis Powers Bill to be critical for ensuring that APRA has the appropriate powers to manage the resolution of financial institutions in distress. In particular, the RBA notes the important contributions that the Crisis Powers Bill will make in the following areas: i. direction powers: extend APRA's powers to cover a wider range of institutions, including subsidiaries of non-operating holding companies and regulated entities, while ensuring that there are no barriers to directors complying with any APRA direction; ii. stay provisions: increase APRA's ability to prevent counterparties of a failing entity from taking action (i.e. exercising termination rights for derivative contracts); iii. conversion and write-off of capital instruments: provide greater certainty for regulators to ensure conversion and write-off capital instruments will serve their intended purpose; iv. foreign branches: allow APRA with stronger powers to manage resolution and thereby respond to and contain the resulting impact on the domestic financial system, as well as meeting its obligations to support overseas regulators during a cross-border resolution; and v. resolution planning: clarify the legislative framework that provides for resolution planning, including allowing APRA to direct entities to address any potential barriers that could hinder an orderly resolution.

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			• On 14 February 2018, the Crisis Powers Bill passed both houses without amendment and Royal Assent was given on 5 March 2018.[104] • The Financial Stability Review published by the RBA in April 2018[105] stated that further to the Crisis Powers Bill, '*CFR agencies are currently working on the design of a similar legislative framework for FMIs, which will ensure that the relevant resolution agency (the Bank for clearing and settlement facilities, or the Australian Securities and Investments Commission for trade repositories) has the necessary powers to resolve a failing domestic FMI.*' • On 22 August 2018, APRA published its 2018-2022 Corporate Plan which outlines its core functions and capabilities and its strategic priorities.[106] One of its strategic priorities is to build resolution capability which comprises a set of initiatives to: i. build a strong prudential framework for managing failure – by improving APRA's framework for managing failures and crises, through the development of suitable prudential standards and guidance materials to support the primary legislation; ii. ensure internal readiness to respond to a crisis – by strengthening APRA's operational readiness to resolve failures and near failures including the administration of the Financial Claims Scheme; and iii. promote industry preparedness for a crisis – by strengthening recovery and resolution planning practices for regulated institutions that promote credible actions and strategies through which institutions can cover or be resolved in an orderly way in a crisis. The corporate plan also states that APRA has strong and ongoing engagement with the CFR agencies and other key agencies with whom APRA shares information and cooperates on the development of strategies and plans. • On 12 October 2018, the RBA published a Financial Stability Review in which it stated that '*the resilience of Australian banks has increased over the past decade. Bank's capital ratios are now around their unquestionably strong prudential benchmarks.*'[107] In the review, CFR have discussed options for the adoption of a loss-absorbing capacity framework in Australia and APRA intends to release a discussion paper on a proposed approach for Australian banks for consultation in the future. • On 8 November 2018, APRA issued a discussion paper on the proposed approach of increasing the loss-absorbing capacity of ADIs to support orderly resolution and invites interested stakeholders to give feedback.[108] The key elements of the proposed approach includes: i. a new requirement for ADIs to maintain additional loss absorbency for resolution purposes; ii. for D-SIBs, an increase in the total loss absorbing capital requirement of between 4 and 5 percentage points of risk-weighted asset; and iii. for other ADIs that are not D-SIBs, the outcome of resolution planning would inform the appropriate amount of additional loss absorbency required to achieve orderly resolution and this assessment would occur on an institution-by-institution basis. The 8 November 2018 APRA discussion paper also indicates that APRA expects to notify D-SIBs of increases to their total capital requirements in 2019. Other ADIs, assessed as requiring additional loss absorbency to support

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			resolution, would be notified of changes to requirements from 2019 onwards. ADIs would have 4 years in the first instance to meet the adjusted requirements. On this timeline, D-SIBs would be expected to maintain regulatory capital that exceeds the adjusted requirement by 2023. The discussion paper also indicates that APRA plans to consult on the resolution planning framework in 2019.
4	Japan	Financial Services Agency (*FSA*)	• According to the FSA, all of the three banks designated as G-SIFIs in Japan (Bank of Tokyo-Mitsubishi UFJ, Sumitomo Mitsui Banking Corporation and Mizuho) and Nomura prepared their recovery and resolution plans by the end of 2012 in discussion with the FSA. However those plans have not been published and (according to the FSA) will not be published.
		Deposit Insurance Corporation of Japan (*DICJ*)	• On 25 January 2013, the Working Group on Framework of Regulations on Banks which Contribute to Stability of the Financial System, etc submitted a report to the FSA, which proposed further regulations on banks including a new framework for the ordinary resolution of banks.[109] • Following public comments, the FSA published new guidelines on 7 February 2013 for the supervision of major banks[110] and financial instruments trading business providers[111], which set out the basic rules on recovery plans to be prepared by banks in Japan. Under the guidelines: i. a financial institution designated as a G-SIFI or determined to be systemically important must prepare and submit a recovery plan to the FSA; ii. the plan must include: (i) a summary of the recovery plan; (ii) assumptions for the preparation of the recovery plan; (iii) events which trigger the recovery plan; (iv) a summary of subsidiaries, overseas operations and business units; (v) analysis of recovery options; and (vi) the information necessary to prepare a recovery plan, the process for deciding on recovery options and the time to collect such information; and iii. the plan will be reviewed annually and when any significant change is made to the relevant financial institution's business or group structure. • In March 2014, the amended Deposit Insurance Act came into force. The revised Act aims to enhance the resolution framework of financial institutions. The revisions allow the prime minister to determine whether there is a need to implement any orderly resolution mechanism of financial institutions, following deliberations of the Financial Crisis Response Council. Where necessary to prevent severe market turmoil, the DICJ may provide liquidity and financial support to financial institutions, including by way of capital injection.[112] • According to the FSA's annual monitoring policies for financial institutions published in 2013[113] and 2014[114], the FSA will request G-SIBs and encourage internationally active securities company groups with large and complex operations to develop recovery plans. At the same time, the FSA will continue its efforts in developing resolution plans for these firms. In general, the FSA will continue to promote the enhancement of group risk management for both times of crisis and normal situations. • On 1 April 2015, the DICJ issued the Deposit Insurance Corporation of Japan Operational Policy (April 2015 – March 2016), which described, among other things, how the DICJ will improve its preparedness for failure resolution of

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			financial institutions and how the DICJ will implement the management and disposal of assets acquired from failed financial institutions. This policy also provided that the DICJ, having been provided with an important role in executing measures to deal with market-based financial crises as a result of the revised Deposit Insurance Act, will co-operate with relevant authorities and develop its preparedness and response capability in respect of the resolution of financial institutions.[115] • On 26 May 2015, the FSB published the Thematic Review on Supervisory Frameworks and Approaches for SIBs. The paper noted the following challenges and gaps for Japan: (i) in relation to recovery plans, responding to issues identified with host supervisors at CMGs; and (ii) in relation to resolution plans, evaluating the feasibility and reliability with host supervisors through the 'Resolvability Assessment Process'.[116] • The FSB's 5th Report on Progress in Resolution reported that in April 2016, the FSA published its Approach to Introduce the TLAC Standard. Based on this approach document, the FSA will set requirements at the level of the Minimum TLAC requirement in the TLAC Term Sheet. The 16% risk-weighted assets requirement will apply from 31 March 2019 and the 18% risk-weighted assets requirement from 31 March 2022, in line with the Japanese financial year and mirroring the implementation of Basel III. The Japanese G-SIBs will be required to issue external TLAC from the top-tier bank holding companies. The FSA's approach document also outlined the preferred single point of entry resolution strategy for orderly resolution of Japanese G-SIBs. • On 22 June 2016, the FSA published draft amendments to the comprehensive guidelines for banks, insurance companies and financial instruments business operators. Under the proposed amendments, when a financial institution enters into a derivative, repo, securities lending or similar transaction governed by foreign law, it must ensure that the government's stay order issued pursuant to the Deposit Insurance Act to prevent derivatives and certain other transactions from being terminated would be effective. As an example, the financial institution can do so by: (i) adopting with the counterparty an international protocol designed to ensure that the government's stay order would apply to foreign law governed contracts; or (ii) specifying in the relevant agreement that the government's stay order applies to such transaction. According to the FSB's 5th Report on Progress in Resolution, Japanese authorities had reported that the following Key Attributes had been implemented: i. powers to transfer or sell assets and liabilities; ii. powers to establish a temporary bridge institution; iii. powers to impose temporary stay on early termination rights; iv. resolution powers in relation to holding companies; v. recovery planning for systemic firms; vi. resolution planning for systemic firms; and vii. powers to require changes to firms' structure and operations to improve resolvability. Regarding powers to write down and convert liabilities (bail-in), Japanese authorities reported that they were able to achieve the economic objectives of

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			bail-in by capitalising a bridge institution to which functions have been transferred and by liquidating the residual firm via powers to separate assets and liabilities of a failed institution. However, it is not clear that the resolution regime provides for powers to convert claims of creditors of the failed institution into equity of that institution or of any successor in resolution. • The FSA's Commissioner Nobuchika Mori noted in his speech[117] on 9 May 2017 that although major achievements have been made by the global regulatory community in implementing measures to prevent another global financial crisis, the resolution framework is yet to be tested in real life, and there may be remaining issues to be addressed, such as the impact of the use of TLAC. The Commissioner further stated that tightening regulations further to make absolutely sure that no big bank will fail is not the right approach, and that the possibility of using a public backstop should not be ruled out while regulators and authorities are seeking to end too-big-to-fail. • On 13 April 2018, the FSA published Revisions to the FSA's Approach to Introduce the TLAC Standard[118]. The revised approach document introduced amendments to the FSA Administrative Notices on Capital Adequacy Rules, in order to align them to the Final Standard published by the BCBS in October 2016. Under the revised approach document: i. internationally active banks that are holding: (a) external TLAC eligible instruments that do not otherwise qualify as regulatory capital; or (b) debt instruments that rank pari passu with (a) (together, ***Regulated Instruments***) will be subject to a deduction of the holding of Regulated Instruments which exceeds the threshold from the bank's own Tier 2 capital; and ii. for domestic banks: (a) holding Regulated Instruments equal to or less than 5% of the domestic bank's own core capital, risk weights for exposures to banks under the current rules will continue to apply; and (b) holding Regulated Instruments that exceed 5% of the domestic bank's own Core Capital, risk weights for exposures to banks shall be applied to the amount within the 5% threshold; and a risk weight of 150% shall be applied to the amount exceeding the 5% threshold. • On 1 June 2018, the FSA published draft amendments to the 'Comprehensive Guidelines for Supervision for Financial Instruments Business Operators' and the 'Comprehensive Guidelines for Supervision of Major Banks'.[119] The proposals aim to set out actions that in-scope financial institutions should take to improve their resolvability. The FSA published the finalised amendments to the two guidelines on 13 July 2018.[120]

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5	Korea	Bank of Korea (*BOK*)	• In the 2012 FSB survey on the progress of the implementation of G20/FSB recommendations in Korea, and again in the 2013 FSB survey, it was noted that *'[The] FSC will conduct an in-depth study on the feasibility of adopting new supervisory regulation on domestic SIFIs. Meanwhile Korea will contribute to setting up new standards by actively participating in FSB discussions.'*[121]
		Financial Services Commission (*FSC*)	• In January 2015, the IMF published a technical note on Korea in relation to its crisis preparedness and crisis management framework.[122] While the resolution framework for financial institutions in Korea is seen as comprehensive, the report identified several areas that need improvement, which include: (i) clarifying the definition of 'systemic stability'; (ii) improving the resolvability of financial institutions through mechanisms such as living wills and bail-ins; (iii) establishing criteria for the identification of systemically important financial institutions; and (iv) introducing schemes to improve the 'resolvability' of financial institutions, improving efficiency, and reducing costs. Korea has set up a special resolution regime for distressed financial institutions, covering banks, investment traders, brokers, collective investment business entities, investment advisory business entities, discretionary investment business entities, insurance companies, mutual saving banks, trust business entities, merchant banks and financial holding companies. The FSC and FSS have entered into memoranda of understanding with 33 foreign authorities in 18 countries, covering information exchange arrangements for ongoing supervisory purposes during normal times and on request. However the memoranda of understanding do not explicitly provide for arrangements relating to crisis preparedness and crisis management including resolution matters.
		Financial Supervisory Service (*FSS*)	• In June 2015, the FSS announced that it will implement D-SIB regulation starting in January 2016 in line with BCBS proposals and designate D-SIBs later in the year. To identify the first group of D-SIBs, five banks, eight bank holding companies and 21 foreign bank branches were assessed, commencing in 2015.[123]
		Korean Deposit Insurance Corporation (*KDIC*)	• On 29 October 2015, the FSC announced that regulatory regimes for D-SIBs and capital buffers will be implemented from 2016 and gradually strengthened over time, and that detailed plans will be set out to adopt recovery and resolution plans from the end of 2017.[124] • On 30 October 2015, the FSC announced that it has determined the basic direction for improving the recovery and resolution regimes, particularly by introducing an RRP framework and bail-in scheme, and providing the FSC with the power to impose temporary stays on contractual early termination rights. The FSC stated that the Act on Structural Improvement of the Financial Industry will be amended in 2016 after receiving comments from stakeholders and monitoring developments in other countries that have not yet adopted the regimes (e.g. Japan and Australia). The FSC also stated that the implementation of the FSB's recommendations for recovery and resolution regimes will be reviewed in 2018.[125] • On 16 December 2015, the FSC approved amendments to the Regulation on Supervision of Banking Business and the Supervisory Regulation on Financial Holding Companies. The proposed amendments, which came into effect on 1 January 2016, are intended to facilitate the FSC's designation of D-SIBs and the imposition of countercyclical capital buffers. The D-SIBs are to be

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			designated on the basis of the banks' systemic importance to the financial system. Institutions identified as D-SIBs would be subject to additional capital requirements.[126] • On 30 December 2015, the FSC announced that it has identified four bank holding companies and one bank (Hana Financial Group, Shinhan Financial Group, KB Financial Group, NH Financial Group, and Woori Bank) as D-SIBs for 2016. The FSC will identify D-SIBs annually in accordance with the assessment criteria proposed by the BCBS. Those identified as D-SIBs are required to increase their capital level by a quarter of 1% every year from 2016 to 2019 if deemed necessary.[127] • On 18 March 2016, the FSB noted in its Second Thematic Review that the Korean resolution authorities are yet to be empowered to: (i) require continued provision of critical shared services; (ii) write down and convert liabilities of a failed institution; or (iii) impose temporary stay on the exercise of early termination rights.[128] • The FSB's 5th Report on Progress in Resolution indicated that reform or policy proposals for the introduction of a recovery and resolution regime including resolution plans and resolvability assessments were published. • In its 2016 Monetary Policy Report[129], the BOK noted that it has strengthened its co-operation with central banks and supervisory authorities of major countries, for example by participating actively in CMGs' planning processes of recovery and resolution in times of crisis. • On 28 December 2016, the FSC announced[130] that the list of D-SIBs for 2017 has remained unchanged from the 2016 list. Those identified as D-SIBs are required to increase their capital level by a quarter of 1% every year from 2016 to 2019 if deemed necessary. • On 28 June 2017, the FSC announced[131] that the list of D-SIBs for 2018 has remained unchanged from the 2017 list. Those identified as D-SIBs are required to set aside an additional common equity capital of 0.75%, and the higher loss absorbency requirement took effect on 1 January 2018. • On 6 December 2017, the FSB published its peer review of Korea.[132] The peer review examined two topics relevant for financial stability in Korea: the crisis management and resolution framework, and the regulation and supervision of non-bank depository institutions. The peer review found that good progress had been made in several areas. The peer review also noted the following areas where additional work needs to be done on the framework for resolution of financial institutions: i. the existing resolution regime already incorporates a number of the elements found in the Key Attributes, but further work is needed to strengthen the crisis management and resolution framework. The FSB's recommendation is that the authorities should implement, on a timely basis, planned resolution reforms to close the gaps vis-à-vis the Key Attributes with respect to recovery and resolution planning requirements as well as bail-in and temporary stay powers; ii. under the current regime, entry into resolution is based on a determination that the financial institution is insolvent, which is unlikely to be a sufficiently early trigger for resolution. The FSB's recommendation is that the authorities should develop triggers that facilitate early entry

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			into resolution and permit the use of the full range of resolution tools under the framework; and Currently, there are a number of authorities involved in crisis management and resolution, e.g. the FSC, FSS, BOK and the KDIC. However there is no detailed mechanism or forum to coordinate and share information. The FSB's recommendation is that the authorities should: (a) consider the establishment of a dedicated forum on crisis preparedness; and (b) jointly run a hypothetical simulation of the resolution of a systemically important bank on a periodic basis. • On 27 June 2018, the FSC announced that the list of D-SIBs for 2019 remains unchanged from the 2018 list. Those identified as D-SIBs are required to set aside an additional common equity capital of 1%, and the higher loss absorbency requirement will take effect on 1 January 2019.[133]
6	Malaysia	Bank Negara Malaysia (*BNM*) Malaysia Deposit Insurance Corporation (*PIDM*)	• In a 2013 IMF assessment, it was noted that the BNM *'has a broad range of powers to avert or reduce risks to financial stability. These include intervention and resolution measures, with powers to reduce systemic risks emanating from both regulated and non-regulated entities and to stem institutional or market liquidity shocks*'. Further, it was noted that the BNM *'will soon be looking to address recovery and resolution planning.'*[134] • In June 2013, the Financial Services Act 2013 and the Islamic Financial Services Act 2013 came into force. The above enactments supplement the Central Bank of Malaysia Act 2009 in requiring enhanced risk-management, including requiring financial institutions to establish effective internal controls, compliance and risk management systems which match with the nature, scale and complexity of the business of each financial institution. • On 19 March 2014 in the BNM's Governor's statement[135], it was stated that: *'[A]mong the key regulatory and supervisory priorities for the Bank in the year ahead is the implementation of new arrangements for the prudential oversight of financial groups, and continuing to raise the bar on... risk management practices in the financial services industry. [BNM] will also commence work on the development of a framework for identifying and strengthening the regulatory and supervisory regime for financial institutions that are systemically significant to the domestic financial system. This will include requirements for such institutions to maintain strong financial buffers, develop credible recovery plans to restore financial viability in the event of severe stress, and including support strategies by the relevant authorities to achieve an orderly resolution where necessary.'*[136] • On 15 September 2015, the BNM's Assistant Governor made a speech in which she stated that: *'Within the financial sector, a key focus of reforms since the global financial crisis has been on the development of recovery plans which aim to protect the continuity of critical functions and core business lines in a situation of financial stress. Work has also been initiated to implement this in Malaysia. Financial institutions are expected to develop a menu of options for recovering from events of severe stress in order to restore business to a stable condition. These plans must be regularly updated to reflect changes in a firm's business model and operational arrangements.'*[137] • On 16 December 2015, the PIDM announced that the PIDM (Amendment) Bill 2015, which seeks to enhance the PIDM's resolution powers, and align certain provisions with the Financial Services Act 2013 and the Islamic Financial

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			Services Act 2013, has been approved by Malaysia's House of Representatives (Dewan Rakyat). The bill proposed that the PIDM be empowered to compel the sale of shares by shareholders of a non-viable member institution to a willing private sector buyer in certain circumstances, subject to the Minister of Finance's approval.[138] The PIDM (Amendment) Act was gazetted on 7 March 2016 and took effect on 8 March 2016.[139] • The PIDM's Corporate Plan 2016–2018 outlines its key initiatives for the three-year period, including: (i) developing a resolution planning framework; and (ii) working with other authorities to determine the scope of the PIDM's role and related policy and legislative issues in relation to the national resolution of financial institutions that are not member institutions of the PIDM. The PIDM notes that it will be guided by the FSB's Key Attributes but will ensure that the resolution regime is applicable to Malaysia.[140] • On 29 February 2016, the chief executive officer of the PIDM said that a key initiative in 2016 is the research and development of a resolution plan framework so that a member institution can be resolved in an orderly manner, without severe systemic disruption and without exposing taxpayers to loss, while protecting vital economic functions.[141] • In the PIDM's 2015 Annual Report[142], it was said that the PIDM would develop a resolution plan framework in respect of systemically important financial institutions, complete the development of the evaluation model that supports the assessment of resolution options, continue to conduct simulations for intervention and failure resolution readiness, and complete the target funds (which are established to cover the expected net losses arising from any intervention and resolution activity) for life and takaful funds. • On 26 May 2016, the BNM's Governor said in a speech that '*the BNM is progressing work in coordination with the PIDM to develop an effective resolution and recovery framework. Banks are expected to continuously assess and identify critical functions from a systemic perspective within their operations, and prepare contingency and recovery plans to preserve those functions under a stress scenario. The BNM will engage the banking industry to share more information on this initiative, including our implementation approach. A concept paper on this will also be issued for comments.*'[143] To date, no such concept paper has been released publicly. However, under the enhanced corporate governance standards issued by the BNM on 3 August 2016, the board of a financial institution is required to oversee and approve the recovery and resolution as well as business continuity plans for the financial institution to restore its financial strength, and maintain or preserve critical operations and services when it comes under stress.[144] • In the BNM's 2016 Financial Stability and Payment Systems Report[145], it was stated that '*the Bank and the Malaysia Deposit Insurance Corporation continued to advance work to develop the domestic recovery and resolution planning framework for Malaysia. The first phase of work focuses on the banking sector, which will be followed by an extension of the framework to insurers and takaful operators at a later stage. The Bank expects to conduct a pilot exercise with identified banking institutions to test the recovery planning framework in the second half of 2017, This will determine the final policy guidance to be issued to the industry.*' • On 9 June 2017, the BNM issued a press release[146] regarding the twelfth meeting of the FSB Regional Consultative Group for Asia. During the meeting, members of the consultative group considered, among other things,

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			vulnerabilities in the global financial system and their potential impact on Asia, and the regulatory approaches to information sharing. The meeting concluded with a session on crisis management preparedness and resolution regime. • The PIDM's Corporate Plan 2018–2020 outlines its key initiatives for the three-year period, including implementing initiatives to strengthen readiness towards an effective resolution regime for Malaysia including resolution planning.[147] • The PIDM's 2017 Annual Report published on 17 April 2018 stated that the PIDM and BNM formed a joint initiative to ensure an integrated and effective approach towards implementing RRP in Malaysia. This included the launch of a recovery planning pilot exercise by BNM in July 2017 for selected pilot banks. Going forward, based on the findings of the pilot exercises and the industry consultation, PIDM will enhance RRP frameworks and methodologies and develop policy proposals and recommend legislative amendments needed for resolution planning.[148]
7	China	China Banking and Insurance Regulatory Commission (***CBIRC***) (CBIRC has replaced the China Banking Regulatory Commission (***CBRC***) and the China Insurance Regulatory Commission) People's Bank of China (***PRC***)	• In the 2012 FSB survey on the progress of the implementation of G20/FSB recommendations in China, it was noted that: *'[The] PBC is drafting identification standard and assessment framework for [domestic systemically important financial institutions (D-SIFIs)] with relevant sectors, which will incorporate quantitative indicator-based approach and qualitative judgment to identify D-SIFIs, as well as proposing regulatory requirement, formulating recovery and resolution plan.'*[149] *'[A] methodology for assessing systemic importance and supervisory guidelines for commercial banks will soon be published for public consultation.'*[150] • In the 2013 FSB survey on the progress of the implementation of G20/FSB recommendations in China, it was noted that: *'Efforts was made to build a risk resolution and liquidation arrangements for SIFIs in China. The laws, rules and guidance under which CBRC operates generally form a benchmark of prudential standards that is of high quality and was drawn extensively from international standards and the [Basel Core Principles] themselves. The CBRC exercises consolidated supervision of the global activities of banking groups during the processes of licensing and ongoing supervision, and by making arrangements for cross border and cross sector supervisory co-operation. During the process, the CBRC monitors and assesses all significant aspects of banking groups' operations and applies prudential requirements to ensure their safety and soundness. As the consolidated supervisor of banking groups, the CBRC keeps itself informed of the overall structure of each banking group and maintains adequate understanding of each group's activities, both domestic and cross-border.'*[151] *'China will enhance supervision on SIFIs, setting higher regulatory requirements, conducting SIFI resolvability assessment, strengthening risk resolution and liquidation arrangements to make sure that SIFIs could be orderly resolved.'*[152] *'Currently, the SIFI assessment methodology in China is under development. The PBC set up crisis management and risk resolution framework.'*[153] • In the PBC's Financial Stability Report 2013, the PBC stated *'[a]ssessment methodologies, supervisory rules and effective resolution regimes that specifically target D-SIFIs are expected to be finalised, and SIFIs will be guided to develop RRPs and carry out resolvability assessments accordingly.'* The PBC also stated further

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			efforts need to be taken to establish a specific resolution authority and to establish the CMGs for all the SIFIs.[154] • On 6 January 2014, the CBRC issued a set of guidelines requiring commercial banks which have been designated as G-SIBs or whose assets as of 2013 year-end exceeded RMB1.6 trillion to publish information based on the 12 indicators used by the BCBS in identifying G-SIBs. The banks are required to release such information on their websites or in their annual reports within four months of their accounting year-end, and in any case not later than 31 July of each year.[155] • In the PBC's Financial Stability Report 2014, it was noted that: i. the PBC and CBRC have been actively involved in the banking supervision regulatory reforms led by the FSB and BCBS, and have made great efforts to implement the relevant international standards in China; ii. in accordance with the FSB's recommendations, Bank of China's CMG was established to commence its RRP. A number of the overseas branches of certain Chinese banks have also submitted resolution plans to the respective overseas regulators; and iii. Industrial and Commercial Bank of China was designated by the FSB as another G-SIB in China.[156] • On 8 April 2014, the CBRC issued a guidance opinion specifying various risk management measures to be implemented by trust companies. Under the opinion, trust companies are required to prepare and submit their recovery and resolution plans by 30 June 2014. The opinion also stipulates certain arrangements that recovery and resolution plans should provide for in the event of distress, including deferral of incentive remuneration, restriction on and refund of dividends, business segregation and recovery, as well as institution resolution planning. Each CBRC local branch is also required to submit a proposed supervision plan for such resolution regime along with the recovery and resolution plans of the trust companies in its jurisdiction to the CBRC by 20 July 2014.[157] • In the PBC's Financial Stability Report 2015[158], the PBC stated that Industrial and Commercial Bank of China, Bank of China and Agricultural Bank of China have been designated by the FSB as G-SIBs and will therefore be subject to additional capital requirements. The PBC reported that China has also set up a G-SIB CMG pursuant to the FSB's request and is responsible for setting up RRP with the aim of strengthening the infrastructure of China's financial institutions. The report also stated that China will actively participate in FSB policy discussions on TLAC in order to secure a more level playing field for Chinese G-SIBs. • According to a press release issued on 28 September 2015, the CBRC, as part of China's Belt and Road initiative, has signed memoranda of understanding or letters of exchanges with 27 countries, under which the relevant supervisory authorities agree to strengthen co-operation with the CBRC. The CBRC stated in the press release that its next step will be to accelerate the process of signing memoranda of understanding with countries that have not yet established official co-operation mechanisms, focusing on, among other things, establishing effective co-operation and improving crisis resolution mechanisms.[159] • On 3 November 2015, the FSB published an updated list of G-SIBs in which China Construction Bank was designated as a G-SIB.[160]

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			• In a press release dated 16 April 2016[161], the PBC quoted the communique of G20 Finance Ministers and Central Bank Governors Meeting (14–15 April 2016, Washington D.C.). In particular, paragraph 6 of the communique reads *'[G20] reiterate our commitment to expediting implementation of the Principles for Financial Market Infrastructures, and to progressing on the work to enhance central counterparty resilience, recovery planning and resolvability, including on cross-border co-operation arrangements such as Crisis Management Groups, and look forward to the report by the FSB in September [2016].'* • In the PBC's Financial Stability Report 2016[162], the PBC confirmed that China Construction Bank was added to the list of G-SIBs for the first time, and was allocated in Bucket 1 together with Bank of China, Industrial and Commercial Bank of China and Agricultural Bank of China. In addition, the PBC stated in the report that the CMGs of Bank of China and Industrial and Commercial Bank of China have approved their annually renewed recovery and resolution plans. Bank of China and Industrial and Commercial Bank of China have completed the first round of resolvability assessment and submitted the results to the FSB. The CMG of Agricultural Bank of China has been established. The annually updated recovery and resolution plan of Ping An Insurance (Group) Company of China has been approved by its CMG. • The FSB's 5th Report on Progress in Resolution indicated that draft rules have been submitted for the introduction of resolution planning requirements, resolvability assessments, and measures to allow authorities to require changes to improve resolvability. It was also reported that implementation rules are being drafted to introduce *'additional resolution powers, including bridge bank'*. • The CBRC promulgated the Guidelines for the Comprehensive Risk Management of Banking Financial Institutions on 27 September 2016 (effective 1 November 2016), which require banking financial institutions in China to develop risk management policies and procedures, the contents of which should include contingency plans and recovery plans. Banking financial institutions are also required to, based on their risk conditions and systemic importance, develop and regularly update and improve their recovery plans, and define the actions which will enable them to continue to provide all the key financial services even in stress situations, and to recover to normal operations. • On 21 November 2016, the FSB, in consultation with the International Association of Insurance Supervisors and national authorities, identified nine insurers as global systemically important insurers. Ping An Insurance (Group) Company of China remains on the 2016 list as in 2015.[163] • On 21 November 2016, the FSB, in consultation with the BCBS and national authorities, published the 2016 list of G-SIBs. Bank of China, Industrial and Commercial Bank of China, Agricultural Bank of China and China Construction Bank remain on the list as in 2015. However, Industrial and Commercial Bank of China has moved from Bucket 1 to 2, while the other three banks remain in Bucket 1.[164] • In the 2016 FSB survey on the progress of the implementation of G20/FSB recommendations in China, it was noted that: *'The CBRC is communicating with PBC in drafting the Supervisory Guidelines for the domestic systemically important banks in China.'*

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			'The [recovery and resolution plans] for Bank of China and Industrial and Commercial Bank of China have been updated and reviewed by CMG, and the [recovery and resolution plan] for Agricultural Bank of China has been... drafted and reviewed by CMG.' *'[The] resolvability assessment process of Bank of China and Industrial and Commercial Bank of China have been conducted, and the results have been submitted to FSB.'* *'The cross-border cooperation agreements of Bank of China and Industrial and Commercial Bank of China have been drafted.'*[165] • On 12 January 2017, the China Insurance Regulatory Commission issued the Guidance on Articles of Association of Insurance Companies (Second Draft for Comment) for public comments, which introduces the 'living will' as a means to prevent governance risks. The draft guidance provides that in the event of an insurance company's insolvency, risk event, or serious breach, shareholders should cooperate with the regulatory authority to take actions, and controlling shareholders' actions should be regulated under essential clauses in the company's articles of association. • On 10 May 2017, the FSB published the 2016 Global Shadow Banking Monitoring Report. According to the report, the narrow measure of the shadow banking system[166] therein does not include non-bank financial entities in China, as the assessment of these entities is still ongoing, but they are expected to be included in subsequent exercises. • In the PBC's Financial Stability Report 2017[167], the PBC confirmed that China Construction Bank, Agriculture Bank of China, Bank of China and Industrial and Commercial Bank of China Limited continue to be the four Chinese banks on the list of G-SIBs. The rankings of Chinese banks continue to increase due to the growth of interbank business and bond issuance. The four banks have adopted higher capital requirement as of 1 January 2016. Ping An Insurance (Group) Company of China continues to be identified as a G-SII by FSB under the revised G-SIIs evaluation method published by IAIS in June 2016. • On 21 November 2017, the FSB published the 2017 list of G-SIBs. Bank of China and China Construction Bank moved from bucket 1 to 2. As of now, there are four Chinese banks on the list of G-SIBs, with three of them in bucket 2 and Agricultural Bank of China remains in bucket 1.[168] • In the 2017 FSB survey on the progress of the implementation of G20/FSB recommendations in China, it was noted that: i. *'the [recovery and resolution plan] for Bank of China and Industrial and Commercial Bank of China have been updated and reviewed by CMG, and the [recovery and resolution plans] for China Construction Bank have been updated and reviewed by CMG';* ii. *'[the resolvability assessment process] of Agricultural Bank of China has been conducted'; and* iii. *'the Cross-border Cooperation Agreements (COAGs) for Bank of China, Industrial and Commercial Bank of China and Agricultural Bank of China have been signed.'*[169] • In the PBC's Financial Stability Report 2018[170], the PBC confirmed that the four G-SIBs of China have all completed the first round resolvability assessment process; the recovery and resolution plans of the four G-SIBs are reviewed and updated by their CMGs every year; and the Cross-border Cooperation Agreements for the four G-SIBs have all been signed.

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8	New Zealand	Reserve Bank of New Zealand (*RBNZ*)	• The RBNZ has moved to ensure that all systemically important banks have in place the systems required to make Open Bank Resolution operational if it were ever needed[171]. In September 2013, the RBNZ issued a policy regarding Open Bank Resolution pre-positioning requirements.[172] • In March 2013, the RBNZ issued a consultation document on strengthening the legislative framework for the oversight of payment systems and other FMIs.[173] The main proposals include the establishment of a recognition regime for systemically important systems, and explicit powers for the RBNZ to oversee such systems effectively. The RBNZ released its responses to the consultation submissions in October 2013[174] and, on 30 September 2014, published for consultation its proposed amendments to the relevant policy documents. In particular, the RBNZ proposed a risk-based oversight approach, with a main focus on systemically important infrastructures which have the largest risks. The deadline for comments on the consultation was 28 November 2014. • In the Financial Stability Report issued by the RBNZ in May 2014, the RBNZ announced that it will be undertaking a stocktake of regulations for banks and non-bank deposit takers to '*look for ways in which the existing regulatory requirements can achieve their intended effects more efficiently... applied more consistently, or can be made clearer.*' This stocktake will include review of the Open Bank Resolution pre-positioning requirements policy.[175] In the financial stability report issued by the RBNZ in May 2015, the RBNZ noted that good progress has been made on the stocktake, with public consultation on specific proposals expected to commence in the second half of 2015.[176] • In March 2015, following consultation, the RBNZ published a policy statement on its oversight of FMIs to reflect the recently updated Principles for Financial Market Infrastructures which all systemically important FMIs are required to comply with where relevant.[177] The RBNZ and the Financial Markets Authority, as joint regulators of designated systems, also updated their policy statement on the designation and oversight of designated settlement systems in March 2015.[178] • In April 2015, the RBNZ issued a second consultation document on the oversight of designated FMIs.[179] The consultation invited public opinion on proposed changes to the existing designation regime to improve the oversight of systemically important FMIs, and in particular, to provide the RBNZ and the Financial Markets Authority with powers to effectively manage crises involving such entities. The consultation response deadline was 3 July 2015. • On 21 July 2015, the RBNZ issued a consultation document on potential changes to the prudential regime for banks arising out of the regulatory stocktake.[180] The main proposals included potential changes to the frequency and content of disclosure statements, changes in the format and structure of the Banking Supervision Handbook, and measures to further strengthen the RBNZ's policy development process and interactions with stakeholders. The consultation response deadline was 16 September 2015. • On 18 December 2015, the RBNZ published the summary of submissions and policy decisions on its 21 July 2015 consultation document. The RBNZ stated that the consultation found broad support for most of the RBNZ's specific proposals, such as improving the drafting and layout of the documents that set out prudential requirements for banks. There was also broad support for

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			a number of technical changes that were proposed in specific prudential requirements. The RBNZ stated that it also received useful feedback on prudential requirements for non-bank deposit takers and would carry out further work based on the feedback.[181] • In December 2015, the RBNZ released the conclusions for the second consultation document on the oversight of designated FMIs. The consultation conclusions set out an updated list of FMIs that are potentially of systemic importance. The RBNZ will undertake a limited scope consultation on the detailed design of the crisis management framework for designated FMIs in early 2016 with a ten-week consultation period. Subject to the approval by the Minister of Finance, these proposals will be presented to the Cabinet and will form the basis of concrete legislative proposals. The RBNZ plans to re-engage the industry via an exposure draft of the proposed legislation around the third quarter of 2016.[182] • On 24 March 2016, the RBNZ published the third consultation document on an oversight regime for designated FMIs, in relation to crisis management powers for systemically important FMIs (the ***March Consultation***).[183] The proposals in the March Consultation formed the final part of the proposals to enhance oversight of FMIs, and were comprised of two parts: (i) systemically important FMIs to have in place business continuity plans (to achieve rapid recovery and timely resumption of essential services) and recovery and orderly wind-down plans (to respond to financial threats to the continued provision of essential services); and (ii) the RBNZ and the Financial Markets Authority to be empowered to issue directions to the operators of systemically important FMIs, to appoint and remove directors of an operator, and to recommend that a systemically important FMI be placed into statutory management. In August 2016, the RBNZ published the summary of submissions and final policy proposals on the March Consultation Paper[184], where the RBNZ affirmed the two-tier approach. The RBNZ plans to consult the public on the draft legislation at the end of 2016 or in early 2017. • On 11 May 2016, the RBNZ published its Financial Stability Report where the RBNZ announced that it would soon issue a second consultation paper on outsourcing policy for registered banks. The aim of the policy is to ensure that a bank is able to continue to provide basic banking services in the event of failure of the bank, a service provider, or the overseas parent of the bank. The RBNZ also noted that the IMF will be undertaking a review of New Zealand's financial system in August and November 2016, which would include an evaluation of the RBNZ's crisis management and resolution framework.[185] • On 23 May 2016, the RBNZ published the second consultation paper on the outsourcing policy for registered banks.[186] The consultation supported banks' continued use of outsourcing arrangements and proposed to: (i) require banks to have a robust back-up arrangement on key functions they want to outsource; and (ii) retain the existing threshold for the outsourcing policy. • On 2 February 2017, the RBNZ published final policy decisions on a revised outsourcing policy for locally incorporated registered banks[187] following the two rounds of consultation in 2015 and 2016. The revised policy aims to ensure that New Zealand banks are able to continue operating in the event of the failure of a key service provider, especially when the service provider is a related party.

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			• On 4 May 2017, the Cabinet agreed to a new legislative framework that aims to improve the regulation of payment systems and other FMIs. The new oversight framework is comprised of two parts: i. a set of regulatory powers that apply to designated FMIs (i.e. FMIs that are systemically important, or which choose to opt-in to designation in order to access the legal protections available under the Reserve Bank Act). The regulatory powers include the ability to set regulatory standards for designated FMIs, powers to oversee their rules, investigative and enforcement powers, and crisis management powers; and ii. information gathering power that apply to all FMIs, including the non-designated ones. This would allow monitoring of the broader functioning of the FMI sector so that systemically important FMIs can be identified in the future, as well as monitoring of the build-up of systemic risks.[188] • On 10 May 2017, the IMF published a technical note on the regulation and oversight of FMIs on New Zealand.[189] The IMF found that the RBNZ and the Financial Markets Authority currently lack sufficient legal powers to identify and address risks building up in FMIs, partly because the regime is voluntary and the authorities do not have the appropriate toolkit to pursue their oversight objectives. This may give rise to negative externalities as the interests of members and shareholders of FMIs are not necessarily aligned with public interest objectives. Recognising the shortcomings of the current regime, the authorities have sought to introduce reform. The IMF has also provided the following recommendations: i. the powers of the resolution authorities should not be limited to situations where business continuity planning and recovery and winding down plans have not been (sufficiently) implemented. Instead, the powers should be applied more generally and used in other serious situations before a crisis materialises; ii. the planned legislation should clearly reflect the specific nature of FMI resolution and other relevant principles for FMIs as outlined in the Key Attributes, such as recovery tools being more generally exhausted prior to entry into resolution of the FMI; iii. the establishment of arrangements for banks to maintain access to FMIs in case the bank is placed under the Open Bank Resolution regime; and iv. the establishment of an operational crisis management framework, including a framework for cross-sector authorities to communicate and coordinate their responses to major operational disruptions, including disruptions that originate from FMIs or FMIs members, and to test such framework in industry-wide contingency tests. • On 20 September 2017, the RBNZ introduced a revised outsourcing policy[190]. The revised policy applies to locally incorporated registered banks with net liabilities of more than $10 billion, and came into force on 1 October 2017. Under the revised policy, banks are required to ensure that a range of resolution options, including open bank resolution, are available in the unlikely event of a bank failure. Affected banks will have five years to come into compliance with the revised policy, which replaces an earlier policy introduced in 2006.

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9	India	Reserve Bank of India (***RBI***) Securities and Exchange Board of India (***SEBI***) Financial Stability and Development Council (***FSDC***)	• According to a monetary policy statement issued on 30 October 2012, an inter-agency working group has been established for the purpose of devising a comprehensive resolution regime for all types of financial institutions in India.[191] • The RBI reported in December 2012 that the working group was still examining issues around the bank resolution framework.[192] • In June 2013, the RBI reported that '*the work on implementation of reforms on resolution regime has started with an examination of existing legislative arrangements for resolution of various types of financial sector entities.*'[193] • On 2 May 2014, a working group established by a sub-committee of the FSDC published the Report of the Working Group on Resolution Regime for Financial Institution[194] for consultation.[195] Among other things, the report: i. stressed the need for a separate comprehensive legal framework with the required powers and tools to resolve all financial institutions irrespective of ownership; ii. proposed setting up a single regulatory authority, the Financial Resolution Authority (FRA) which will be institutionally independent of regulators and the government in overseeing related matters; and iii. recommended the introduction of an early intervention mechanism where prompt corrective action could be introduced at early stages and matters to be handed over to the FRA for handling at latter stages of resolution. The deadline for comments was 31 May 2014. • On 22 July 2014, the RBI released the Framework for Dealing with Domestic Systemically Important Banks, which sets out the methodology for identifying D-SIBs and the additional regulatory and supervisory policies applicable to them. The list of D-SIBs will be published in August every year starting from 2015. Although there is no mention of the requirement of RRP in the document, the RBI acknowledged the regulatory measures proposed in the FSB's October 2010 document entitled '*Reducing the moral hazard posed by systemically important financial institutions*', and noted that it will consider implementing such measures for D-SIBs.[196] • On 26 May 2015, the FSB, in its Thematic Review on Supervisory Frameworks and Approaches for SIBs, noted that India's RRP is a work in progress.[197] • On 31 August 2015, the RBI published the inaugural list of D-SIBs. The RBI designated the State Bank of India and ICICI Bank Ltd. as D-SIBs.[198] The D-SIBs will be required to maintain additional Common Equity Tier 1. • As of 2 December 2015, the RBI has entered into memoranda of understanding with supervisors of 33 countries to promote greater supervisory co-operation and information exchange.[199] • The Financial Stability Report issued by the RBI in December 2015 stated that the Clearing Corporation of India Limited has been advised to prepare, in consultation with the RBI, a recovery and resolution plan.[200] • In a Financial Stability Report published on 28 June 2016[201], the RBI announced that steps have been taken towards achieving a resolution mechanism for financial entities, in line with FSB guidelines. The

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			Government has set up a task force in September 2014 to support the establishment of a Resolution Corporation. Further, a comprehensive Code on Resolution of Financial Firms has been proposed to provide a specialised resolution mechanism to deal with bankruptcy situations in banks, insurance companies and other financial sector entities, and a draft of the Code is being prepared. • The FSB's 5th Report on Progress in Resolution indicated that legislation is under development for the introduction of resolution planning and resolvability assessments. It also noted that a Code on Resolution of Financial Firms (which covers banks) will be introduced into Parliament in the Financial Year 2016–17 (April–March). • A committee was set up by the Government to prepare a report and a draft Code on Resolution of Financial Firms. The report was published on 21 September 2016[202] and a draft Financial Resolution and Deposit Insurance Bill, 2016 (***FRDI Bill***) was published on 27 September 2016.[203] The deadline for submission of comments was 14 October 2016. The note on summary of the recommendations of the Committee[204] stated that: *'The draft [FRDI] Bill consolidates the existing laws relating to resolution of certain categories of financial institutions... including banks, insurance companies, financial market infrastructures, payment systems, and other financial service providers... which are presently scattered in a number of legislations, into a single legislation, and provides for additional tools of resolution, to enable the new authority ("Resolution Corporation") to maintain the systemic stability in the country.'* • The major recommendations of the Committee are as follows: i. a Resolution Corporation to be set up under the FRDI Bill; ii. the Resolution Corporation shall have three types of funds: (i) a Corporation Insurance Fund for payment of deposit insurance; (ii) a Corporation Resolution Fund for covering resolution fees; and (iii) a Corporation General Fund for meeting the administrative expenses of the Resolution Corporation; iii. the Government, in consultation with the appropriate sectoral regulator, may designate certain categories of financial institutions as SIFIs, and the FRDI Bill envisages some additional powers that may be applied to these SIFIs; iv. after enactment of the FRDI Bill, the Deposit Insurance and Credit Guarantee Corporation will be dissolved and all its functions will be carried out by the Resolution Corporation, which will become the authority responsible for providing deposit insurance in India; v. the Resolution Corporation, in consultation with the appropriate regulator, will specify objective criteria for the classification of certain financial institutions into five categories: low, moderate, material, imminent, and critical, taking into account features of the institutions such as capital adequacy, asset quality, leverage ratio, liquidity, and management capability; vi. financial institutions shall be required to prepare and submit a restoration plan and a resolution plan to the sectoral regulator and the Resolution Corporation, and these plans are required to be periodically updated;

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			vii. the Resolution Corporation shall have the power to temporarily stay the operation of any early termination rights in respect of contracts, when such rights are triggered solely by a financial institution entering into resolution; viii. resolution tools available to the Resolution Corporation would include: (i) transferring the whole or part of the assets and liabilities of the financial institution to another person; (ii) creating a bridge financial institution; (iii) bail-in; (iv) merger or amalgamation of the financial institution; (v) acquisition of the financial institution; (vi) liquidation; and (vii) run-off in case of an insurance company, if deemed appropriate by the Resolution Corporation. A resolution must be completed within two years, with a potential extension of one year (except for liquidation); ix. where the Resolution Corporation determines that liquidation is the most appropriate resolution tool, it shall apply to the National Company Law Tribunal for a liquidation order; x. if the position of a financial institution deteriorates to a stage of imminent risk to viability, the Resolution Corporation will act as receiver; and xi. the Central Government and the Resolution Corporation (with prior approval from the Central Government), can enter into memoranda of understanding with foreign governments and regulators and exchange information with them to give full effect to provisions of the FRDI Bill. • On 8 September 2017, the Financial Resolution and Deposit Insurance Bill, 2017 (***2017 FRDI Bill***) was referred to a Joint Parliamentary Committee of both houses for examination and presenting a report to the Parliament by the last day of the budget session, 2018. The government is awaiting the recommendations of the Joint Committee of Parliament in regard to the FRDI Bill.[205] The 2017 FRDI Bill among other things seeks to provide for: i. resolution of certain categories of financial service providers in distress; ii. deposit insurance to consumers of certain categories of financial services; iii. designation of systemically important financial institutions; and iv. establishment of a Resolution Corporation for protection of consumers of specified service providers and of public funds for ensuring the stability and resilience of the financial system. • On 30 July 2018, the 2017 FRDI Bill was withdrawn.[206] A report of the Joint Committee on the 2017 FRDI Bill was published and it includes a notice of the motion for withdrawal of the 2017 FRDI Bill on 20 July 2018.[207] The Finance Minister, Piyush Goyal, explained in the report the reasons for withdrawal as follows: the withdrawal of the FRDI Bill is appropriate because stakeholders (including the public) have raised apprehensions in relation to the use of bail-in instrument to resolve a failing bank, the adequacy of deposit insurance cover, the need to revise insurance limit substantially and application of resolution framework for public sectors banks in the 2017 FRDI Bill.

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No.	Jurisdiction	Regulators/ authorities	Comments
10	Indonesia	Bank Indonesia (*RI*)	• In the 2011 FSB survey on the progress of the implementation of G20/FSB recommendations in Indonesia, it was noted that: *'Indonesia is not [a] member of CMG. However, formal supervisory co-operation and information sharing arrangements have been exercised with jurisdictions whose banks have significant presence in Indonesia.'*[208]
		Indonesia Deposit Insurance Corporation (*LPS*)	• In the 2012 FSB survey on the progress of the implementation of G20/FSB recommendations in Indonesia, it was noted that: *'Since April 2011, Bank Indonesia has enforced an enhanced supervisory framework (BI regulation number 12/3/PBI/2011). This enhanced framework is aimed at safeguarding financial system stability by enhancing consolidated supervision, taking prompt corrective actions, and resolving failing banks in effective manner. In addition, an enhanced framework also covers intensified supervisory approaches, especially to large banks as well as those deemed to be having financial troubles.'*[209] • A draft Financial System Safety Net (FSSN) law had been under discussion by the Indonesian Government in the last decade.[210] According to the FSB Thematic Review on Resolution Regimes, Peer Review Report, April 2013, the draft FSSN law clarifies *'the powers and responsibilities of each resolution authority and the co-ordination responsibilities and decision making powers of the Financial System Stability Forum.' The draft legislation also provides 'a more comprehensive resolution framework, including participation from the private sector through bail-in and extends the sectoral coverage to both banking and insurance.'*[211]
		Indonesia Financial Services Agency (*OJK*)	• In the 2013 FSB survey on the progress of the implementation of G20/FSB recommendations in Indonesia, it was noted that: *'[Bank Indonesia] is conducting a study to determine the appropriate [D-SIFI] framework for the Indonesian banking industry based on the BCBS document.'*[212] • On 28 February 2014, the FSB published its peer review of Indonesia.[213] The peer review examined in particular changes to Indonesia's regulatory structure and Indonesia's crisis management arrangements. The review found that good progress had been made in several areas, although reforms were still on-going. The review noted the following in connection with resolution and recovery issues: i. resolution powers currently available to the LPS do not include some of the powers required by the Key Attributes (eg, there is no power to impose a temporary stay on early termination rights, to establish an asset management company, to impose bail-in within resolution, or to depart from equal treatment of the creditors of the same class). There is a recommendation to address these in the draft FSSN law, and to consider involving international bodies with relevant expertise to ensure that the FSSN law to be enacted is consistent with sound international practice; ii. currently, systemic importance of a bank is based primarily on the bank's asset size. There is a recommendation to finalise an assessment methodology, based on international guidance, for identifying D-SIBs at an early stage, which will be subject to appropriate prudential and RRP requirements; iii. resolution options currently available are open bank assistance or nationalisation. There is a recommendation to revise laws so as to avoid giving priority to open bank assistance and nationalisation as resolution options for a failing systemically important bank; and

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			iv. there is a recommendation to provide legal protection to all governmental officials involved in the crisis management and resolution process which go beyond the legal assistance protections currently in place for officials at the BI, LPS and OJK. • On 31 March 2015, the OJK and the Dubai Financial Services Authority signed a memorandum of understanding on exchange of information and improvement of supervision capacity. The memorandum covers exchange of skills and capacity improvement in several areas, including crisis management and resolution of financial institutions, cross-jurisdictional financial supervision, and co-operation in inter-authority supervision.[214] • In March 2015, the IMF published a Country Report on Indonesia. The IMF found that *'[g]aps remain in the financial stability architecture absent a fully developed regime for bank resolution and emergency liquidity assistance and harmonised arrangements for crisis management. To close these gaps, the draft FSSN law is currently being revised for resubmission to Parliament in 2015. In the interim, support to troubled banks would rely on the use of presidential decrees.'*[215] • On 20 October 2015, the LPS and the US Federal Deposit Insurance Corporation signed a memorandum of understanding to promote co-operation to maintain the stability of the banking system in their respective countries.[216] • On 1 January 2016, the OJK issued a regulation requiring a capital surcharge for banks categorised as D-SIBs based on their systemic importance to the domestic financial system.[217] Press reports indicated that the OJK chairman Muliaman D. Hadad, the OJK and the BI will coordinate to determine which banks should be regarded as D-SIBs, but do not intend to complete the list of D-SIBs until the FSSN bill is endorsed by the Parliament.[218] • On 17 March 2016, the Indonesian Parliament renamed the FSSN and passed the bill as the Financial System Crisis Prevention and Mitigation Law (Law No. 9 of 2016) (***FSCPM Law***).[219] The FSCPM Law provides a framework for financial institutions in preventing and handling systemic crises. The FSCPM Law mandates the formation of a Financial System Stability Committee (***KSSK***), which is tasked with monitoring and maintaining financial stability and handling systemically important banks in distress. The FSCPM Law provides for periodic identification of systemically important banks, which would be required to meet additional regulatory capital and liquidity requirements. In case a systemically important bank encounters a solvability [sic] problem, the OJK will collaborate with the LPS to identify a solution. If the problem worsens, the KSSK will determine a resolution plan for the bank. The KSSK may advise the LPS to take over the bank, in which case the LPS may sell the bank's assets and liabilities to another bank or a bridge bank established by the LPS. The FSCPM Law was signed into law by the President on 15 April 2016.[220] • On 11 April 2016, the OJK published the Master Plan of Indonesia Financial Service 2015–2019,[221] where strengthening of the crisis management protocol and inter-institutional coordination was identified as one of the development objectives. • On 10 May 2016, the LPS and the Financial and Development Supervisory Agency signed a memorandum of understanding concerning the provision of assistance in bank resolution and capacity development.[222]

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No.	Jurisdiction	Regulators/ authorities	Comments
			• According to the FSB's 5th Report on Progress in Resolution, Indonesian authorities reported that the following Key Attributes had been implemented: i. powers to transfer or sell assets and liabilities; ii. powers to establish a temporary bridge institution; iii. powers to impose temporary stay on early termination rights; iv. resolution planning for systemic firms; and v. powers to require changes to firms' structure and operations to improve resolvability. • The FSB's 5th Report on Progress in Resolution also stated that Indonesian authorities have reported partial implementation of powers to require changes to firms' structure and operations to improve resolvability. Supervisory authorities have certain powers to require supervised institutions to make changes to their business organisation and legal structure, but the purposes for and circumstances under which authorities may exercise such powers vary. • The FSB's 5th Report on Progress in Resolution further noted that in relation to powers to write down and convert liabilities (bail-in), Indonesian authorities have reported that the powers conferred under the 2004 Law on Indonesia Deposit Insurance Corporation '*to review, annul and terminate and/or alter any contracts between the Failing Bank that is rescued and third parties that are burdensome to the bank*' also enable authorities to write down unsecured and uninsured creditor claims, whereas the FSCPM Law confers powers to convert such claims into equity once the state of a general financial crisis has been declared. • The OJK has introduced in April 2017 three new regulations aimed at strengthening Indonesia's banking industry[223], in support of the FSCPM Law. The new regulations govern different procedures for handling solvency issues of banks and, among other things, require systemically important banks to prepare and submit by 29 December 2017 a recovery plan explaining the bank's chosen action to respond to financial stress. The OJK has designated 12 D-SIBs, the list of which is confidential and will be reviewed every six months.

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No.	Jurisdiction	Regulators/ authorities	Comments
11	Taiwan	Financial Supervisory Commission (***TFSC***) Central Bank of the Republic of China (Taiwan) (***CRC***)	• In the CBC's Financial Stability Report 2013, the CBC stated that it will impose additional supervisory requirements on D-SIFIs to reduce potential risks, and that establishing a resolution mechanism for the insurance industry will be an important issue in the future.[224] • On 20 May 2014, amendments to the Insurance Act were passed which enhance the supervisory measures on insurers experiencing operational difficulties. In particular, the amended Insurance Act provides for a strengthened resolution regime, empowering receivers to deliberate a bridge plan for the recovery and resolution of a failed insurer.[225] • In February 2015, the TFSC amended the Insurance Act in order to establish a prompt corrective action mechanism for the insurance industry. The amendment classifies insurance companies by risk-based capital ratios into four tiers, and requires the TFSC to adopt different supervisory measures for companies in each tier. For companies classified as 'capital seriously inadequate', the TFSC would take them over, close them down or dissolve them within a limited period of 90 days so as to enhance supervision on and establish an exit mechanism for the insurance industry.[226] • In the CBC's Financial Stability Report 2014, recommendations to strengthen the resolution regime for insurers, which took into account the Key Attributes, have been put forward. These include requiring insurers to prepare recovery and resolution plans, to be regularly reviewed. It was noted that '*[s]ome of [the recommendations] have been included in the Insurance Act amendments in May 2014 and will be implemented immediately. Others may be difficult to carry out in the near future; however, they can be incorporated as part of long-term reforms.*'[227]
12	Philippines	Bangko Sentralng Pilipinas (***BSP***) Philippine Deposit Insurance Corporation (***PDIC***)	• On 29 October 2014, the BSP issued a set of guidelines setting out the assessment methodology for identifying D-SIBs and the additional supervisory requirements applicable to them. The list of D-SIBs will be determined annually by the BSP based on year-end data submitted by each bank with regards to pre-defined factors such as size, interconnectedness, substitutability and market reliance as an FMI, and complexity. The list will be released with the approval of the BSP Monetary Board in June each year. Compliance with the additional HLA requirements will be phased in from 1 January 2017, with full implementation by 1 January 2019.[228] • On 6 July 2015, the BSP completed its first determination of D-SIBs. Banks identified as D-SIBs are required to maintain additional Common Equity Tier 1, and must also in their Internal Capacity Adequacy Assessment Process document include acceptable recovery plans which will be carried out when they are in breach of capital requirements.[229] • On 11 June 2016, Republic Act No. 10846 amending the Charter of the PDIC took effect. The amendments allow depositors quicker access to their insured deposits in the event of bank closure, empower the PDIC to resolve problem banks, expedite the liquidation process for closed banks, and provide more severe sanctions and penalties for offences.[230] • In its 2016 Annual Report[231], the BSP stated that it has continued to strengthen its regulatory and supervisory framework, including strengthening banks' capital and setting out the standards for D-SIBs in formulating their recovery plans.

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