



**RANEPA**  
THE RUSSIAN PRESIDENTIAL ACADEMY  
OF NATIONAL ECONOMY  
AND PUBLIC ADMINISTRATION



# 2020 G20 Riyadh Summit Interim Compliance Report

Prepared by

Kaylin Dawe, Mary Noh and the G20 Research Group

University of Toronto

Toronto

and

Alexander Ignatov and the Center for International Institutions Research

Russian Presidential Academy of National Economy and Public Administration,

Moscow

From 23 November 2020 to 22 May 2021

29 July 2021

**Feedback, as always, is welcome and is kept anonymous.**

**We encourage readers to send comments to**

**[G20@utoronto.ca](mailto:G20@utoronto.ca)**

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## 2. Macroeconomics: Capital Markets

“We will strengthen long-term financial resilience and support growth, including through promoting sustainable capital flows and developing domestic capital markets.”

*G20 Riyadh Leaders’ Declaration*

### Assessment

	No Compliance	Partial Compliance	Full Compliance
Argentina			+1
Australia		0	
Brazil			+1
Canada			+1
China			+1
France		0	
Germany			+1
India	-1		
Indonesia			+1
Italy			+1
Japan			+1
Korea			+1
Mexico			+1
Russia			+1
Saudi Arabia			+1
South Africa		0	
Turkey			+1
United Kingdom			+1
United States			+1
European Union			+1
Average		+0.75 (88%)	

### Background

The G20 leaders first addressed the issue of inclusive economic growth at the 2014 Brisbane Summit, calling for two per cent of economic growth to be directed towards supporting “development and inclusive growth” and helping “to reduce inequality and poverty” by 2018.<sup>554</sup>

At the 2015 Antalya Summit, G20 leaders agreed that inclusive growth requires “the use of all policy tools and strong engagement with all stakeholders” and that inclusive growth should be “inclusive, job-rich” and benefit “all segments of our societies.”<sup>555</sup> The theme of using “all policy tools” to work towards bolstering inclusive growth has remained a theme since the Antalya Summit.

At the 2016 Hangzhou Summit, G20 leaders further committed to advancing “sustainable, balanced, and inclusive growth,” outlining in the Hangzhou consensus policies and actions that members should be taking to promote inclusive growth.<sup>556</sup> The actions and policies outlined followed four

<sup>554</sup> G20 Leaders’ Communique, G20 Information Centre (Toronto), RANEPa (Moscow) 16 November 2014. Access Date: 13 January 2021. <http://www.g20.utoronto.ca/2014/2014-1116-communique.html>

<sup>555</sup> G20 Leaders’ Communique Antalya Summit 15-16 November 2015, RANEPa (Moscow) 16 November 2015. Access Date: 13 January 2021. <https://www.ranepa.ru/images/media/g20/2015Antalya/000111117.pdf>

<sup>556</sup> G20 Leaders’ Communique Hangzhou Summit, G20 Information Centre (Toronto) 5 September 2016. Access Date: 13 January 2021. <http://www.g20.utoronto.ca/2016/160905-communique.html>

main themes: vision, integration, openness and inclusiveness.<sup>557</sup> These four themes lay the foundation of what inclusive growth would look like moving forward, including sustainability, cooperation, fairness and removing inequalities in the international economic system.<sup>558</sup>

At the 2017 Hamburg Summit, G20 leaders reiterated their commitment to inclusive growth, stating that “strong, sustainable, balanced and inclusive growth ...remains our highest priority.”<sup>559</sup> Once again, leaders committed to using “all policy tools” in advancing inclusive growth.<sup>560</sup> The leaders also focused on international investment, digitalization, empowering women and equal access to financial and economic systems as important components of promoting inclusive growth.<sup>561</sup> The G20 Africa Partnership was also discussed as a vehicle to advance and promote inclusive growth amongst African economies.<sup>562</sup>

At the 2018 Buenos Aires Summit, G20 leaders continued the theme of prior summits by committing to “use all policy tools to achieve strong, sustainable, balanced, and inclusive growth.”<sup>563</sup> One of the summit’s priority areas, infrastructure, was also promoted as a significant factor in advancing inclusive growth.<sup>564</sup> In the Buenos Aires Action Plan, G20 leaders outlined the primary areas to focus and improve on in promoting inclusive growth, and also offered previously implemented measures in areas such as tax, education, social security reform, financial regulation and labour that had a positive impact on advancing inclusive growth.<sup>565</sup>

The central theme of using “all policy tools” to achieve inclusive growth continued at the 2019 Osaka Summit, where G20 leaders reaffirmed their committed to “use all policy tools to achieve strong, sustainable, balanced and inclusive growth, and safeguard against downside risks, by stepping up our dialogue and actions to enhance confidence.”<sup>566</sup> G20 members identified that “carefully calibrated macroeconomic and structural policies tailored to country-specific circumstances” are imperative in order to achieve this commitment.<sup>567</sup> In addition, central banks were included as vital actors in promoting inclusive growth and safeguarding against “downside risks,” and leaders called upon central banks to promote “flexible and growth-friendly” fiscal policies to maintain stability and sustainability on the path to inclusive growth.<sup>568</sup>

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<sup>557</sup> G20 Leaders’ Communique Hangzhou Summit, G20 Information Centre (Toronto) 5 September 2016. Access Date: 13 January 2021. <http://www.g20.utoronto.ca/2016/160905-communique.html>

<sup>558</sup> G20 Leaders’ Communique Hangzhou Summit, G20 Information Centre (Toronto) 5 September 2016. Access Date: 13 January 2021. <http://www.g20.utoronto.ca/2016/160905-communique.html>

<sup>559</sup> G20 Leaders’ Declaration Hamburg, G20 Information Centre (Toronto) 8 July 2017. Access Date: 13 January 2021. <http://www.g20.utoronto.ca/2017/2017-G20-leaders-declaration.html>

<sup>560</sup> G20 Leaders’ Declaration Hamburg, G20 Information Centre (Toronto) 8 July 2017. Access Date: 13 January 2021. <http://www.g20.utoronto.ca/2017/2017-G20-leaders-declaration.html>

<sup>561</sup> G20 Leaders’ Declaration Hamburg, G20 Information Centre (Toronto) 8 July 2017. Access Date: 13 January 2021. <http://www.g20.utoronto.ca/2017/2017-G20-leaders-declaration.html>

<sup>562</sup> G20 Leaders’ Declaration Hamburg, G20 Information Centre (Toronto) 8 July 2017. Access Date: 13 January 2021. <http://www.g20.utoronto.ca/2017/2017-G20-leaders-declaration.html>

<sup>563</sup> G20 Leaders’ Declaration, G20 Information Centre (Toronto) 1 December 2018. Access Date: 13 January 2021. <http://www.g20.utoronto.ca/2018/2018-leaders-declaration.html>

<sup>564</sup> G20 Leaders’ Declaration, G20 Information Centre (Toronto) 1 December 2018. Access Date: 13 January 2021. <http://www.g20.utoronto.ca/2018/2018-leaders-declaration.html>

<sup>565</sup> Buenos Aires Action Plan, RANEPa (Moscow) 1 December 2018. Access Date: 13 January 2021. [https://www.ranepa.ru/images/media/g20/2018buenosaires/buenos\\_aires\\_leaders\\_plan.pdf](https://www.ranepa.ru/images/media/g20/2018buenosaires/buenos_aires_leaders_plan.pdf)

<sup>566</sup> G20 Osaka Leaders’ Declaration, RANEPa (Moscow) 29 June 2019. Access Date: 13 January 2021.

[https://www.ranepa.ru/images/News\\_ciir/Project/G20\\_new\\_downloadings/FINAL\\_G20\\_Osaka\\_Leaders\\_Declaration.pdf](https://www.ranepa.ru/images/News_ciir/Project/G20_new_downloadings/FINAL_G20_Osaka_Leaders_Declaration.pdf)

<sup>567</sup> G20 Osaka Leaders’ Declaration, RANEPa (Moscow) 29 June 2019. Access Date: 13 January 2021.

[https://www.ranepa.ru/images/News\\_ciir/Project/G20\\_new\\_downloadings/FINAL\\_G20\\_Osaka\\_Leaders\\_Declaration.pdf](https://www.ranepa.ru/images/News_ciir/Project/G20_new_downloadings/FINAL_G20_Osaka_Leaders_Declaration.pdf)

<sup>568</sup> G20 Osaka Leaders’ Declaration, RANEPa (Moscow) 29 June 2019. Access Date: 13 January 2021.

[https://www.ranepa.ru/images/News\\_ciir/Project/G20\\_new\\_downloadings/FINAL\\_G20\\_Osaka\\_Leaders\\_Declaration.pdf](https://www.ranepa.ru/images/News_ciir/Project/G20_new_downloadings/FINAL_G20_Osaka_Leaders_Declaration.pdf)

In 2020, amid economic constraints put by the COVID-19 pandemic, the G20 leaders highlighted the necessity to provide sustainable capital flows and foster domestic capital markets development to ensure economic recovery and growth after the pandemic is over.<sup>569</sup>

### **Commitment Features**

The commitment requires the G20 members to take actions to provide sustainable capital flows and foster domestic capital markets. To achieve full compliance, the G20 member shall take steps that match both aspects of the commitment.

### **Sustainable Capital Flows**

According to the International Monetary Fund, the term “capital flow” refers to “cross-border financial transactions recorded in economies’ external financial accounts.”<sup>570</sup> “Sustainable’ implies “able to continue at the same level for a period of time.”<sup>571</sup> Combined, “sustainable capital flows” is defined as the movement of money for investment in and out of countries that remains at the same level for a period of time.

The list of actions that might be possibly taken by the G20 members, includes but not limited to:

- Strengthen financial supervision and regulation;
- Maintaining sound monetary policy to avoid overheating;
- Counter-cyclical fiscal measures (increase in government spending, cutting taxes, etc.);
- Accumulation of foreign exchange reserves, etc.

### **Domestic Capital Market Development**

The “capital market” generally refers to “an organized market that provides facilities for dealing in stocks and shares and through which (along with special financial institutions dealing therein) new capital could be raised by the offer of securities to the public.”<sup>572</sup> “Domestic” in this context refers to something that is limited to a particular jurisdiction. Finally, “development” refers to “process in which someone or something grows or changes and becomes more advanced.”<sup>573</sup>

The G20 members are required to take actions that makes their domestic capital markets stronger against the current economic constrains caused by the COVID-19 pandemic. As it is proposed by the Bank for International Settlements,<sup>574</sup> possible actions may include, but are not limited to:

- Strengthening legal and judicial systems for investor protection. For example, easing access to legal recourse; lowering litigation costs; promoting well defined property and contracting rights; giving minority shareholders more information and access to information, etc.;

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<sup>569</sup> Leaders’ Declaration, G20 Information Centre (Toronto) 22 November 2020. Access Date: 13 January 2021. <http://www.g20.utoronto.ca/2020/2020-g20-leaders-declaration-1121.html>

<sup>570</sup> Balance of Payment and International Investment Position Manual Sixth Edition (BPM6), IMF (Washington, DC) 2009. Access Date: 18 January 2021. <https://www.imf.org/external/pubs/ft/bop/2007/pdf/bpm6.pdf>

<sup>571</sup> Cambridge Dictionary. Access Date: 13 January 2021. <https://dictionary.cambridge.org/dictionary/english/sustainable>

<sup>572</sup> The Developments of Capital Markets in Africa, with Particular Reference to Kenya and Nigeria, IMF. Access Date: 18 January 2021. [https://www.elibrary.imf.org/view/IMF024/14861-9781451947335/14861-9781451947335/14861-9781451947335\\_A006.xml?language=env](https://www.elibrary.imf.org/view/IMF024/14861-9781451947335/14861-9781451947335/14861-9781451947335_A006.xml?language=env)

<sup>573</sup> Cambridge Dictionary. Access Date: 13 January 2021. <https://dictionary.cambridge.org/dictionary/english/development>

<sup>574</sup> Establishing viable capital markets, January 2019, BIS. Access Date: 13 January 2021.

<https://dictionary.cambridge.org/dictionary/english/development>

- Enhancing regulatory independence and effectiveness, that implies strengthening legal foundations to raise operational independence; ensuring adequate staffing and resources; raising disclosure and accounting standards, etc.;
- Deepening the domestic institutional investor base. This aspect refers to provision of tax benefits for institutional investors; increasing transparency and investors education to facilitate effective choices among investment options, etc.;
- Pursuing bi-directional opening to international participation while preparing for spillovers that implies lifting barriers to foreign participation; implementation of policies aimed at reduction of spillover risks, etc.

### Scoring Guidelines

-1	The G20 member does not take actions to provide sustainable capital flows and develop its domestic capital market
0	The G20 member takes actions either to provide the sustainable capital flows or facilitate domestic capital market development
+1	The G20 member takes actions to provide sustainable capital flows AND facilitate domestic capital market development

*Compliance Director: Alexander Ignatov  
Lead Analyst: Andrey Shelepov*

### Argentina: +1

Argentina has fully complied with the commitment to strengthen long-term financial resilience and support growth.

On 3 December 2020, the Central Bank, the Ministry of Science, Technology and Innovation, and the National Council for Scientific and Technical Research entered into a cooperation agreement. “The agreement aims to promote research and interaction for the design of coordinated public policies that may boost economic development in line with both the constraints and potential aspects of the monetary and foreign exchange regime adopted by the Central Bank.”<sup>575</sup>

On 31 March 2021, “the Board of the Central Bank has approved a policy that seeks to encourage credit, financial inclusion, electronic payment, and a better functioning and geographical distribution of ATMs. The policy focuses on four major concerns: to grant loans to individuals and [small and medium sized enterprises] (SMEs) who have not been recorded in the Debtors’ Database of the Financial System; to foster the use of e-checks and electronic credit invoices; to encourage the use of electronic means of payment and automatic bill payments from savings accounts; to improve the efficiency of ATMs in order to reduce downtime and to extend the network to reach cities and towns where there is no such service today.”<sup>576</sup>

On 22 April 2021, the National Securities Commission “approved a special regime for the placement of funds for environmental and social projects or activities, in accordance with its sustainable investment guidelines and the standards of the United Nations Development Program. The new regime is also part of the regulatory body’s Sustainable Finance Program with the principles of raising

<sup>575</sup> Agreement between the BCRA, the Ministry of Science and the CONICET, Central Bank of Argentina (Buenos Aires) 3 December 2020. Access Date: 12 May 2021. <http://www.bcra.gov.ar/Noticias/acuerdo-bcra-ministerio-ciencia-y%20conicet-i.asp>

<sup>576</sup> The BCRA Promotes Greater Financial Inclusion, Central Bank of Argentina (Buenos Aires) 31 March 2021. Access Date: 12 May 2021. <http://www.bcra.gov.ar/Noticias/bcra-impulso-mayor-inclusion-financiera-i.asp>

awareness among capital market players about integrating environmental, social and governance factors in investments, in addition to generating structures that advance sustainable financing.”<sup>577</sup>

On 3 May 2021, President of the National Securities Commission Adrián Cosentino said that “it is a priority” of the organization “to develop the capital market to promote productive and federal financing.” By highlighting the role of the capital market in the current situation, and despite the difficulties, Mr. Cosentino urged to continue working side by side between the public and the private sector to “delve into financing products and arrive in a timely manner to address this need across the country.”<sup>578</sup>

On 7 May 2021, the National Securities Commission “approved order RG888/21 that enables public consultation aimed at innovating the regulations for the negotiation of deferred payment checks and promissory notes, as part of the agency’s strategic agenda to promote products that enhance the growth of SMEs and generate a contribution from the capital market to the real economy.”<sup>579</sup>

Argentina has taken actions both to provide sustainable capital flows and facilitate domestic capital market development.

Thus, Argentina receives a score of +1.

*Analyst: Irina Popova*

### **Australia: 0**

Australia has partially complied with the commitment to strengthen long-term financial resilience and support growth.

On 15 December 2020, the Prudential Regulation Authority announced that banks and insurers will no longer require to have a minimum level of earnings retention from 1 January 2021.<sup>580</sup>

On 2 February 2021, Australia purchased an additional AUD100 billion of bonds when the current bond purchase program is completed in April.<sup>581</sup>

On 21 February 2021, the Prudential Regulation Authority released its policy and supervision priorities for 2021. The priorities include “strengthening crisis preparedness,” “updating prudential standards on operational risk, governance and risk management,” “completing the ongoing review of the capital framework for authorised deposit-taking institutions” and “continuing work on strengthening the capital framework for private health insurers.”<sup>582</sup>

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<sup>577</sup> The CNV approved a new regime for sustainable investment products a new milestone in the strategic agenda, Government of Argentina (Buenos Aires) 22 April 2021. Access Date: 12 May 2021. <https://www.argentina.gob.ar/noticias/la-cnv-aprobo-nuevo-regimen-para-productos-de-inversion-sostenible-un-nuevo-hito-en-la>

<sup>578</sup> “It is a priority of the CNV to develop the capital market to promote productive and federal financing,” Government of Argentina (Buenos Aires) 3 May 2021. Access Date: 12 May 2021. <https://www.argentina.gob.ar/noticias/es-una-prioridad-de-la-cnv-desarrollar-el-mercado-de-capitales-para-potenciar-el>

<sup>579</sup> The CNV calls for a public consultation to improve the rules for negotiating deferred payment checks and promissory notes, Government of Argentina (Buenos Aires) 7 May 2021. Access Date: 12 May 2021. <https://www.argentina.gob.ar/noticias/la-cnv-llama-consulta-publica-para-mejorar-las-normas-de-negociacion-de-cheques-de-pago>

<sup>580</sup> Capital management, APRA (Sydney) 2020. Access Date: 24 April 2021. <https://www.apra.gov.au/capital-management-1>

<sup>581</sup> Statement by Philip Lowe, Governor: Monetary Policy Decision, Reserve Bank of Australia, 2 February 2021. Access Date: 24 April 2021. <https://www.rba.gov.au/media-releases/2021/mr-21-01.html>

<sup>582</sup> APRA releases its policy and supervision priorities for 2021, APRA (Sydney) 1 February 2021. Access Date: 24 April 2021. <https://www.apra.gov.au/news-and-publications/apra-releases-its-policy-and-supervision-priorities-for-2021>

Australia has taken some actions to provide the sustainable capital flows and facilitate domestic capital market development.

Thus, Australia receives a score of 0.

*Analyst: Anastasiya Kirillova*

**Brazil: +1**

Brazil has fully complied with the commitment to strengthen long-term financial resilience and support growth.

On 25 February 2021, “President Jair Bolsonaro signed the complementary law that defines the objectives of the Central Bank of Brazil, it provides for its autonomy and the appointment and dismissal of its president and its directors. According to the text, the mandates of the president and directors of the Central Bank do not coincide with the mandate of president of the Republic.”<sup>583</sup> “The Central Bank of Brazil, which before the change was linked to the Ministry of Economy, will become an autarchy of a special nature, characterized by the absence of ties to the Ministry, tutelage or hierarchical subordination, by technical, operational, administrative and financial autonomy.”<sup>584</sup>

On 8 April 2021, the Central Bank “proposed the improvement of the rules of risk management and social, environmental and climate responsibility applicable to the institutions of the system, in order to incorporate the most recent international debates on the subject and the national experience.”<sup>585</sup>

On 7 May 2021, the Securities and Exchange Commission (CVM) published “guidelines for independent auditors in line with the best practices in the capital market. The new version of the document is a direct result of the regulators’ supervision and inspection action.”<sup>586</sup>

On 11 May 2021, the CVM “issued two resolutions: the CVM Resolution 29, on rules for establishment and operation of experimental regulatory environment (regulatory sandbox). The CVM Resolution 30, on the verification task of adapting products, services and operations to the customer profile (suitability). The measures are part of reviewing and consolidating normative acts below the decree, determined by Decree 10.139/19. The main focus of this initiative is to increase the efficiency of regulation, without disregarding the risks that such actions may represent for the protection of investors.”<sup>587</sup>

Brazil has taken actions both to provide sustainable capital flows and facilitate domestic capital market development.

Thus, Brazil receives a score of +1.

*Analyst: Irina Popova*

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<sup>583</sup> President signs law that gives autonomy to the Central Bank, Brazilian Government (Brasilia) 25 February 2021. Translation provided by Google Translate. Access Date: 12 May 2021. <https://www.gov.br/secretariageral/pt-br/noticias/2021/fevereiro/presidente-bolsonaro-sanciona-lei-que-da-autonomia-ao-banco-central>

<sup>584</sup> President signs law that gives autonomy to the Central Bank, Brazilian Government (Brasilia) 25 February 2021. Access Date: 12 May 2021. Translation provided by Google Translate. <https://www.gov.br/secretariageral/pt-br/noticias/2021/fevereiro/presidente-bolsonaro-sanciona-lei-que-da-autonomia-ao-banco-central>

<sup>585</sup> BC proposes new rules for risk management and social, environmental and climate responsibility, Central Bank of Brazil (Brasilia) 8 April 2021. Translation provided by Google Translate. Access Date: 12 May 2021. <https://www.bcb.gov.br/detalhenoticia/530/noticia>

<sup>586</sup> CVM publishes new guidelines for independent auditors, Brazilian Government (Brasilia) 7 May 2021. Access Date: 12 May 2021. Translation provided by Google Translate. <https://www.gov.br/cvm/pt-br/assuntos/noticias/cvm-publica-novas-orientacoes-para-audidores-independentes>

<sup>587</sup> CVM publishes new guidelines for independent auditors, Brazilian Government (Brasilia) 7 May 2021. Access Date: 12 May 2021. <https://www.gov.br/cvm/pt-br/assuntos/noticias/cvm-publica-novas-orientacoes-para-audidores-independentes>

**Canada: +1**

Canada has fully complied with the commitment to strengthen long-term financial resilience and support growth.

On 1 January 2021, Canada announced the amendments to the Investment Canada Act with new thresholds for foreign direct investment. The threshold for direct acquisitions of control by investors that are members of the World Trade Organization (WTO) has been reduced from CAD1.075 billion to CAD1.043 billion; for investors from countries with preferential trade agreements with Canada – from CAD1.613 billion to CAD1.565 billion, and for WTO members’ state-owned investors – from CAD428 million to CAD415 million.<sup>588</sup>

On 24 March 2021, the Ministry of Innovation, Science and Industry issued the Guidelines on the National Security Review of Investments. The updates focus on identifying certain sensitive technology areas, critical minerals, sensitive personal data, and investments by state-owned or state-influenced investors as factors considered in national security reviews.<sup>589</sup>

On 31 March 2021, the Bank of Canada released the results of open consultations on inflation and monetary policy. The outreach, according to the Bank of Canada, demonstrated steady public trust in the Bank and in the stability of Canada’s financial system during the COVID-19 pandemic, public confidence in the bank’s ability to keep inflation on target, as well as the support for “the current inflation-targeting framework over other options” and the Bank’s current quantitative easing program. The consultations are to form the basis for an agreement between the Bank and the Federal government on the next framework to guide monetary policy until 2026.<sup>590</sup>

On 19 April 2020, Canada presented the Budget 2021. The budget allocated CAD560 million to support around 2900 small businesses.<sup>591</sup> The budget also introduced tax measures to help businesses and other organizations affected by the COVID-19 pandemic, including the Canada Emergency Wage Subsidy, the Canada Emergency Rent Subsidy and the Lockdown Support.<sup>592</sup>

On 21 April 2021, the Bank of Canada held its target for the overnight rate at the effective lower bound of 0.25 per cent, with the Bank Rate at 0.5 per cent and the deposit rate at 0.25 per cent. The Bank continues to provide extraordinary forward guidance on the path for the overnight rate, reinforced and supplemented by the Bank’s quantitative easing program. Effective the week of April 26, weekly net purchases of Government of Canada bonds will be adjusted to a target of CAD3 billion. This adjustment to the amount of incremental stimulus being added each week reflects the progress made in the economic recovery.<sup>593</sup>

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<sup>588</sup> Investment Canada Act, Thresholds, Government of Canada 1 January 2021. Access Date: 14 May 2021.

[https://www.ic.gc.ca/eic/site/ica-lic.nsf/eng/h\\_lk00050.html](https://www.ic.gc.ca/eic/site/ica-lic.nsf/eng/h_lk00050.html)

<sup>589</sup> Guidelines on the National Security Review of Investments, Government of Canada (Ottawa) 24 March 2021. Access Date: 14 May 2021. <https://www.ic.gc.ca/eic/site/ica-lic.nsf/eng/lk81190.html>

<sup>590</sup> Bank of Canada releases results from consultations on inflation and monetary policy, Bank of Canada (Ottawa) 31 March 2021. Access Date: 14 May 2021. <https://www.bankofcanada.ca/2021/03/results-consultations-inflation-monetary-policy/>

<sup>591</sup> Budget 2021: A Recovery Plan for Jobs, Growth, and Resilience, Government of Canada (Ottawa) 19 April 2021. Access Date: 14 May 2021. <https://www.canada.ca/en/department-finance/news/2021/04/budget-2021-a-recovery-plan-for-jobs-growth-and-resilience.html>

<sup>592</sup> Tax Measures – Supplementary Information, Government of Canada (Ottawa) 19 April 2021. Access Date: 14 May 2021. <https://www.budget.gc.ca/2021/report-rapport/anx6-en.html#business-income-tax-measures>

<sup>593</sup> Bank of Canada will hold current level of policy rate until inflation objective is sustainably achieved, adjusts quantitative easing program, Bank of Canada (Ottawa) 21 April 2021. Access Date: 14 May 2021.

<https://www.bankofcanada.ca/2021/04/fad-press-release-2021-04-21/>.

In May 2021, official international reserves of the country have decreased from USD91.74 billion in December 2020,<sup>594</sup> to USD84.23 billion in May 2021.<sup>595</sup>

Canada has taken actions to provide sustainable capital flows and facilitate domestic capital market development.

Thus, Canada receives a score of +1.

*Analyst: Andrei Sakharov*

### **China: +1**

China has fully complied with the commitment to strengthen long-term financial resilience and support growth.

On 12 March 2021, the 14th Five-Year Plan was announced. According to the plan, China will further shorten the negative lists for foreign investment access, strengthen the overall planning of financial resources, promote the standardization of financial expenditures, and strengthen budget constraints and performance management, improve the fiscal transfer payment system, optimize the transfer payment structure, and standardize transfer payment projects. Also, China will improve the financial system and make it is highly adaptable, competitive, and inclusive, and build a financial system to effectively support the economy etc.<sup>596</sup>

On 12 March 2021, Premier Li Keqiang announced that one of the main goals for China in 2021 is maintaining the continuity, stability and sustainability of macroeconomic policies. The policies should also be able maintain the necessary support, should not change suddenly and sharply but adjust and improve in time according to changes. Moreover, China should continue to reform of the registration system, improve the current delisting mechanism, strengthen the bond market while expanding the financing channels for market entities.<sup>597</sup>

China has taken actions to provide sustainable capital flows and facilitate domestic capital market development.

Thus, China receives a score of +1

*Analyst: Anastasiya Kirillova*

### **France: 0**

France has partially complied with the commitment to strengthen long-term financial resilience and support growth.

On 19 January 2021, France launched the comprehensive fiscal plans for 2020–22, totaling about 26 per cent of gross domestic products in emergency and recovery measures. The emergency response

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<sup>594</sup> Official International Reserves – December 3, 2020, Department of Finance Canada (Ottawa) 3 December 2020. Access Date: 14 May 2021. <https://www.canada.ca/en/department-finance/services/publications/monthly-official-international-reserves/2020/12.html>

<sup>595</sup> Official International Reserves – May 5, 2021, Department of Finance Canada (Ottawa) 5 May 2021. Access Date: 14 May 2021. <https://www.canada.ca/en/department-finance/services/publications/monthly-official-international-reserves/2021/05.html>.

<sup>596</sup> The Fourteenth Five-Year Plan for the National Economic and Social Development of the People's Republic of China and the Outline of Long-Term Goals for 2035, Xinhua (Beijing) 13 March 2021. Access Date: 29 March 2021. <http://politics.people.com.cn/n1/2021/0313/c1001-32050444.html>

<sup>597</sup> Government working report, Xinhua (Beijing) 12 March 2021. Access Date: 17 March 2021. [http://www.gov.cn/premier/2021-03/12/content\\_5592671.htm](http://www.gov.cn/premier/2021-03/12/content_5592671.htm)

was flexibly adjusted as the crisis unfolded, providing additional resources to the health sector and supporting households and firms by preserving jobs and providing liquidity.<sup>598</sup>

On 3 February 2021, the Development Bank of Southern Africa launched its first green bond. The EUR200 million bond was issued through a private placement with French development finance institution Agence Française de Développement.<sup>599</sup>

France has taken a couple of actions to provide sustainable capital flows and facilitate domestic capital market development in France and Southern Africa. However, France has not taken substantial action to facilitate domestic capital market development within France.

Thus, France receives a score of 0.

*Analyst: Pavel Doronin*

### **Germany: +1**

Germany has fully complied with the commitment to strengthen long-term financial resilience and support growth.

On 3 February 2021, Finance Minister Olaf Scholz announced plans to reform the Federal Financial Supervisory Authority (BaFin) fundamentally to make it more flexible and effective. In particular, BaFin will be given the authority to focus more heavily on preventive action and investigate suspicious cases more swiftly and efficiently as part of financial reporting enforcement.<sup>600</sup>

On 25 March 2021, Minister Scholz and Minister for Economic Affairs Peter Altmaier tasked the state-owned KfW Development Bank with the execution and administration of the Zukunftsfonds (Future Fund), an equity fund for technologies of the future. The federal government will invest EUR10 billion in the Zukunftsfonds. Together with further private and public partners, at least EUR30 billion will thus be mobilized in venture capital for start-ups in Germany. Combined with the existing financial instruments, German financial authorities will be able to provide over EUR50 billion in venture capital for start-ups in the next few years, together with private investors.<sup>601</sup>

On 20 April 2021, Germany published the first allocation report for its Green Federal securities issued in 2020. The Green Bond Allocation Report 2020 provides investors with transparent and binding information on expenditures from the federal government's environmental and climate protection programs. It listed expenditures recognized as "green" in the 2019 federal budget and allocated them to the EUR11.5 billion proceeds from Green German Federal securities issued in 2020. According to State Secretary Jörg Kukies, by issuing green bonds the federal government

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<sup>598</sup> Five Charts on France's Policy Priorities to Navigate the COVID-19 Crisis, IMF (Washington, DC) 19 January 2021. Access Date: 30 April 2021. <https://www.imf.org/en/News/Articles/2021/01/15/na011921-five-charts-on-frances-policy-priorities-to-navigate-the-covid19-crisis>

<sup>599</sup> DBSA Launches Green Bond, DBSA (Johannesburg) 3 February 2021. Access Date: 17 May 2021. <https://www.dbsa.org/press-releases/dbsa-launches-green-bond>

<sup>600</sup> More "bite" for the Financial Supervisory Authority, German Federal Ministry of Finance (Berlin) 3 February 2021. Access Date: 15 May 2021. [https://www.bundesfinanzministerium.de/Content/EN/Standardartikel/Topics/Financial\\_markets/Articles/2021-02-03-more-bite-for-the-financial-supervisory-authority.html](https://www.bundesfinanzministerium.de/Content/EN/Standardartikel/Topics/Financial_markets/Articles/2021-02-03-more-bite-for-the-financial-supervisory-authority.html)

<sup>601</sup> Launch of the Zukunftsfonds – federal government bolsters financing for start-ups in Germany, Federal Ministry of Finance (Berlin) 25 March 2021. Access Date: 15 May 2021. [https://www.bundesfinanzministerium.de/Content/EN/Standardartikel/Topics/Financial\\_markets/Articles/2021-03-25-launch-of-the-zukunftsfonds.html](https://www.bundesfinanzministerium.de/Content/EN/Standardartikel/Topics/Financial_markets/Articles/2021-03-25-launch-of-the-zukunftsfonds.html)

“made a significant contribution to the growth of the sustainable bond market and thus firmly established Germany as a sustainable finance centre.”<sup>602</sup>

On 27 April 2021, Germany adopted the German Recovery and Resilience Plan. 90 per cent of the spending in the plan is targeted towards climate action and the digital transformation.<sup>603</sup>

Germany has taken actions to provide sustainable capital flows and facilitate domestic capital market development.

Thus, Germany receives a score of +1.

*Analyst: Andrey Sbelepor*

### **India: -1**

India has not complied with the commitment to strengthen long-term financial resilience and support growth.

India has taken no actions to provide sustainable capital flows or facilitate domestic capital market development.

Thus, India receives a score of -1.<sup>604</sup>

*Analyst: Anastasiya Kirillova*

### **Indonesia: +1**

Indonesia has fully complied with the commitment to strengthen long-term financial resilience and support growth.

In February 2021, Bank Indonesia cut its policy rate and implemented quantitative easing as well as macro-prudential measures to increase liquidity. Furthermore, “Inflation is projected to remain low and accommodative monetary policy, accompanied by forward guidance, should continue.”<sup>605</sup>

On 2 February 2021, Indonesia enacted a new regulation on investment as one of the implementing regulations of “Omnibus Law,” which includes the removal of some restrictions on foreign investment in order to boost investments flow into pandemic-hit economy. The new regulation became effective on 4 March 2021.

On 4 March 2021, Indonesia’s Omnibus Law entered into force. The Omnibus Law transformed the negative investment list into a positive list, which covers businesses that are open or restricted to foreign investors. “The positive investment list marks a fundamental change in approach from a

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<sup>602</sup> Federal government publishes first allocation report for Green Federal securities, German Federal Ministry of Finance (Berlin) 20 April 2021. Access Date: 15 May 2021. <https://www.bundesfinanzministerium.de/Content/EN/Pressemitteilungen/2021/2021-04-20-federal-government-publishes-first-allocation-report.html>

<sup>603</sup> Scholz: Clear signal for climate action and digitalisation, Federal Ministry of Finance (Berlin) 27 April 2021. Access Date: 15 May 2021. <https://www.bundesfinanzministerium.de/Content/EN/Pressemitteilungen/2021/2021-04-27-german-recovery-and-resilience-plan-adopted.html>

<sup>604</sup> This score of non-compliance was determined after a search of the following websites: Public Information Bureau <https://www.pib.gov.in/indexd.aspx>; National Portal of India <https://www.india.gov.in/>; India Department of Economic Affairs <https://dea.gov.in/>; Central Bank of India <https://www.centralbankofindia.co.in/en>.

<sup>605</sup> OECD Economic Surveys: Indonesia, OECD (Paris) March 2021. Access Date: 30 April 2021. <https://www.oecd.org/economy/surveys/indonesia-2021-OECD-economic-survey-overview.pdf>

negative, restricted stance to a positive, permitted one,” which will open Indonesia’s economy up to foreign direct investment and “transform the country into one of the world’s top five economies.”<sup>606</sup>

Indonesia has taken a number of actions to provide sustainable capital flows and facilitate domestic capital market development answering commitments within the G20.

Thus, Indonesia receives a score of +1.

*Analyst: Pavel Doronin*

**Italy: +1**

Italy has fully complied with the commitment to strengthen long-term financial resilience and support growth.

On 23 March 2021, “the Bank of Italy and the Dubai Financial Services Authority signed a memorandum of understanding to facilitate the performance of their respective duties in ensuring the safe and sound functioning of their supervised entities.”<sup>607</sup> The agreement was intended as “a framework for effective cooperation and information exchange between the two authorities including, among other things, procedures for conducting on-site inspections on the premises of supervised entities physically located in the jurisdiction of the other authority.”<sup>608</sup>

On 25 April 2021, the Government of Italy presented the National Recovery and Resilience Plan to the Parliament. The Plan is a part of the European Next Generation EU EUR750 billion package, aimed at environmental transition and carbon-neutral recovery from the pandemic-induced crisis. The Plan, inter alia, provides for structural reforms in public administration, with the intention to streamline government services and improve quality of regulation.<sup>609</sup> According to Prime Minister Mario Draghi, the Plan, totaling EUR222.1 billion in government investment, represents a new quality of fiscal policy, spurring government spending and structural reforms without the need to raise interest rates.<sup>610</sup>

Italy took actions to provide sustainable capital flows and facilitate domestic capital market development.

Thus, Italy receives a score of +1.

*Analyst: Andrei Sakharov*

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<sup>606</sup> Indonesia’s omnibus law: A foreign investors’ guide to the positive investment list, Vistra (Causeway Bay) 3 March 2021. Access Date: 28 May 2021. <https://www.vistra.com/insights/indonesias-omnibus-law-foreign-investors-guide-positive-investment-list>

<sup>607</sup> The Bank of Italy and the Dubai Financial Services Authority sign a Memorandum of Understanding (MoU), Bank of Italy (Rome) 14 April 2021. Translation provided by Google Translate. Access Date: 15 May 2021. <https://www.bancaditalia.it/media/notizia/the-bank-of-italy-and-the-dubai-financial-services-authority-sign-a-memorandum-of-understanding-mou/>

<sup>608</sup> The Bank of Italy and the Dubai Financial Services Authority sign a Memorandum of Understanding (MoU), Bank of Italy (Rome) 14 April 2021. Translation provided by Google Translate. Access Date: 15 May 2021. <https://www.bancaditalia.it/media/notizia/the-bank-of-italy-and-the-dubai-financial-services-authority-sign-a-memorandum-of-understanding-mou/>

<sup>609</sup> Piano Nazionale di Ripresa e Resilienza, Government of Italy (Rome) 25 April 2021. Access Date: 15 May 2021. <https://www.governo.it/sites/governo.it/files/PNRR.pdf>

<sup>610</sup> PNRR, the reply in the Senate, Government of Italy (Rome) 27 April 2021. Access Date: 15 May 2021. <https://www.governo.it/it/articolo/pnrr-la-replica-al-senato/16736>

### **Japan: +1**

Japan has fully complied with the commitment to strengthen long-term financial resilience and support growth.

On 5 March 2021, Japan “submitted an omnibus bill with the National Diet (the Proposed Bill), which included amendments to the Financial Instruments and Exchange Act of Japan (FIEA) (Act No. 25 of 1948, as amended) to provide the licensing exemptions for the benefit of foreign asset managers that intend to open offices in Japan.”<sup>611</sup>

On 1 April 2021, a tax reform became effective. The tax reform includes “favorable changes...to corporate tax, income tax and inheritance tax for asset management firms and their employees.”<sup>612</sup>

As of 22 April 2021, Japan was considering two licensing exemptions. “The Proposed Bill provides: An exemption from Type II broker-dealer and investment management registration for fund operators of certain partnership-type funds (which have “primarily” foreign investors) when offering certain eligible partnership-type funds and managing assets invested in those funds (the Foreign Investor Fund Exemption); and an up to five-year registration moratorium for foreign managers registered with a foreign authority who have foreign investors only and who satisfy certain eligibility requirements (the Registration Moratorium). The Proposed Bill is expected to pass during the current 204th Diet Session, currently scheduled to conclude on 16 June 2021. The Proposed Bill provides that, if adopted by the National Diet, the amendments to the FIEA be implemented at a date designated by the [Financial Services Agency of Japan], but no later than six months from the date of promulgation. In other words, this new preferential treatment could become available as early as the end of 2021.”<sup>613</sup>

Japan has taken actions to provide sustainable capital flows and facilitate domestic capital market development.

Thus, Japan receives a score of +1.

*Analyst: Pavel Doronin*

### **Korea: +1**

Korea has fully complied with the commitment to strengthen long-term financial resilience and support growth.

On 7 December 2020, the Financial Services Commission unveiled its plans to introduce a routine inspection of personal data protection at financial institutions to ensure consistency in data protection and improve accountability. The plans include establishing specific inspection standards according to the data lifecycle, providing feedbacks on a regular basis through Financial Security Institute and setting up self-inspection guidelines for financial institutions.<sup>614</sup>

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<sup>611</sup> Japan Puts Forth Bold Legislation to Attract More Foreign Asset Managers to Upgrade Global Financial Center Status in Post-COVID-19 World, JD Supra (Marshall) 22 April 2021. Access Date: 28 May 2021. <https://www.jdsupra.com/legalnews/japan-puts-forth-bold-legislation-to-8112361/>

<sup>612</sup> Japan Puts Forth Bold Legislation to Attract More Foreign Asset Managers to Upgrade Global Financial Center Status in Post-COVID-19 World, JD Supra (Marshall) 22 April 2021. Access Date: 28 May 2021. <https://www.jdsupra.com/legalnews/japan-puts-forth-bold-legislation-to-8112361/>

<sup>613</sup> Japan Puts Forth Bold Legislation to Attract More Foreign Asset Managers to Upgrade Global Financial Center Status in Post-COVID-19 World, JD Supra (Marshall) 22 April 2021. Access Date: 28 May 2021. <https://www.jdsupra.com/legalnews/japan-puts-forth-bold-legislation-to-8112361/>

<sup>614</sup> FSC to Introduce Routine Inspection of Personal Data Protection at Financial Institutions, Financial Services Commission (Seoul) 7 December 2020. Access Date: 17 May 2021. <https://www.fsc.go.kr/eng/pr010101/22547>

On 12 January 2021, Korea announced its decision to make in-kind contribution of KRW650 billion in the Korea Asset Management Corporation to facilitate its operation of the corporate asset purchase program. With this capital increase, the government expects that the Korean Asset Management corporation will be able to provide more steady support for companies in need of asset sell-offs.<sup>615</sup>

On 2 February 2021, Korea approved the revisions to the Enforcement Decree of the Financial Investment Services and Capital Markets Act. The approved revisions are intended to bolster investor protection by “(a) specifying the criteria for determining ‘highly complex’ investment products; (b) strengthening requirements on the recording and cooling-off period during the sales process of ‘highly complex’ investment products; (c) newly establishing a legal ground to regulate sellers of OEM [Original Equipment Manufacturer] funds; (d) tightening regulations to close loopholes of publicly offered funds being sold in the form of a private fund; and (e) raising the retail investors’ minimum investment threshold in hedge funds from KRW100 million to KRW300 million.”<sup>616</sup>

On 24 March 2021, Korea “passed the amendments to the Financial Investment Services and Capital Markets Act during a plenary session...with aims to improve the rules on private equity funds. The amendments will go through an approval process at a cabinet meeting prior to the pronouncement and will take effect in six months. The amendments introduce stronger protection measures for retail investors in the [private equity funds] market.”<sup>617</sup>

On 13 April 2021, Korea “approved the revision to the Special Act on Support for Financial Innovation during a cabinet meeting held on April 13 to make improvements to the financial regulatory sandbox program and support “innovative financial service” providers. The revised Act allows “innovative financial service” providers to file requests for regulatory improvements while extending the period of regulatory exemption for an additional year and six months if the authorities decide to accept the request and make relevant changes to the regulation.”<sup>618</sup>

On 22 April 2021, the Financial Services Commission “announced that the authorities decided to extend the period of financial support made available through the key industry stabilization fund for eight months until 31 December 2021 from the initial expiration date of 30 April” 2021.<sup>619</sup>

On 6 May 2021, the Financial Services Commission “introduced the measures to improve rules on the suspension of licensing review process for financial institutions. The measures are intended to increase predictability and minimize legal uncertainties for businesses.”<sup>620</sup> “First, the authorities will newly establish a guideline that provides a specific and detailed list of grounds and reasons for suspending a licensing review process. Second, for business entities whose licensing review process has been suspended, the authorities will reconsider every six months the possibility of resuming the licensing review process and whether to extend the suspension period. Third, the suspension of licensing review process, which is currently not applicable to insurance businesses, specialized credit

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<sup>615</sup> Government Announces KRW650 Billion Investment in KAMCO to Support Corporate Asset Sell-offs, Financial Services Commission (Seoul) 12 January 2021. Access Date: 17 May 2021. <https://www.fsc.go.kr/eng/pr010101/75133>

<sup>616</sup> Government Approves Stronger Investor Protection on High-risk Investment Products, Financial Services Commission (Seoul) 2 February 2021. Access Date: 17 May 2021. <https://www.fsc.go.kr/eng/pr010101/75282>

<sup>617</sup> FSCMA Revisions for Improving Rules on PEFs Passed by the National Assembly, Financial Services Commission (Seoul) 24 March 2021. Access Date: 17 May 2021. <https://www.fsc.go.kr/eng/pr010101/75609>

<sup>618</sup> Government Approves Revised Law to Support Innovative Financial Services, Financial Services Commission (Seoul) 13 April 2021. Access Date: 17 May 2021. <https://www.fsc.go.kr/eng/pr010101/75742>

<sup>619</sup> Financial Support through Key Industry Stabilization Fund Extended until the End of 2021, Financial Services Commission (Seoul) 22 April 2021. Access Date: 17 May 2021. <https://www.fsc.go.kr/eng/pr010101/75790>

<sup>620</sup> Financial Authorities to Improve Rules on the Suspension of Licensing Review Process, Financial Services Commission (Seoul) 6 May 2021. Access Date: 17 May 2021. <https://www.fsc.go.kr/eng/pr010101/75857>

finance companies and financial holding companies, will be applied across all financial sectors to enhance consistency.”<sup>621</sup>

On 10 May 2021, the Financial Services Commission “announced that financial institutions will be required to record the sales process when selling “highly complex investment products” and making sales to elderly investors starting from 10 May. In addition, a cooling-off period of two business days or more will be guaranteed for investors on “highly complex investment products” to allow them to make more prudent investment decisions.”<sup>622</sup>

On 13 May 2021, Korea announced its intention “to provide massive tax incentives and state subsidies to chipmakers to encourage” spending and attract investment. Korea “aims to more than double its annual outbound shipments of chips to reach a whopping USD200 billion in 2030 from USD99.2 billion tallied in 2020.”<sup>623</sup>

Korea has taken actions both to provide sustainable capital flows and facilitate domestic capital market development.

Thus, Korea receives a score of +1.

*Analyst: Alexander Ignator*

### **Mexico: +1**

Mexico has fully complied with the commitment to strengthen long-term financial resilience and support growth.

On 25 February 2021, the Institutional Stock Exchange (Biva) launched a financial tool called Biva-iCloud which, will facilitate access to financing and stock market information for companies in the country. In a conference, the director of the second brokerage firm in the country pointed out that it is a new platform for the distribution of financial and stock information, which will allow companies to approach the sector thanks to technology and innovation.<sup>624</sup>

On 31 March 2021, the Financial System Stability Council held its 43rd ordinary session. At that session the council updated the risk balance and reviewed and approved its annual report. In this report, it evaluated the risks to the stability of the financial system and analyzed the challenges that the Mexican financial system continues to face as a result of the COVID-19 pandemic. It was also informed about the progress of the Sustainable Finance Committee’s work.<sup>625</sup>

On 4 May 2021, the Regional Consultative Group for the Americas of the Financial Stability Board held a conference call to examine macroeconomic-financial vulnerabilities at the global and regional levels and their possible impact on the region. Members also considered the potential financial stability implications of the COVID-19 pandemic, including the potential impact of an asynchronous economic recovery across regions and the dynamics of capital flows in market and developing

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<sup>621</sup> Financial Authorities to Improve Rules on the Suspension of Licensing Review Process, Financial Services Commission (Seoul) 6 May 2021. Access Date: 17 May 2021. <https://www.fsc.go.kr/eng/pr010101/75857>

<sup>622</sup> Enhanced Investor Protection Measures to Be Applied on Highly Complex Investment Products, Financial Services Commission (Seoul) 10 May 2021. Access Date: 17 May 2021. <https://www.fsc.go.kr/eng/pr010101/75878>

<sup>623</sup> S. Korea to emerge as No. 1 chip powerhouse with 510 tln-won investment by 2030, Yonhap News Agency (Seoul) 13 May 2021. Access Date: 17 May 2021. <https://en.yna.co.kr/view/AEN20210513002351320>

<sup>624</sup> Biva facilitates access for companies to the stock market, La Jornada (Mexico City) 25 February 2021. Access Date: 13 March 2021. <https://www.jornada.com.mx/notas/2021/02/25/economia/facilita-biva-acceso-de-empresas-al-mercado-bursatil>

<sup>625</sup> The Financial System Stability Council Updates its Balance Sheet, Government of Mexico (Mexico City) 31 March 2021. Access Date: 13 March 2021. <https://www.gob.mx/shcp/prensa/el-consejo-de-estabilidad-del-sistema-financiero-actualiza-su-balance-de-riesgos-268309>

economies. The Regional Consultative Group for the Americas of the Financial Stability Board is co-chaired by Alejandro Díaz de León Carrillo, Governor of the Bank of Mexico and Cindy Scotland, Managing Director of the Cayman Islands Monetary Authority.<sup>626</sup>

Mexico taken actions both to provide sustainable capital flows and facilitate domestic capital market development.

Thus, Mexico receives a score of +1.

*Analyst: Irina Popova*

### **Russia: +1**

Russia has fully complied with the commitment to strengthen long-term financial resilience and support growth.

On 24 December 2020, the Government of Russia made a decision to provide extra RUB2.5 billion (approximately USD33.8 million) to stabilize regional budgets. Three regions of Russia – Buryat Republic, Mordovia and Ingushetia would receive governmental subsidies to cover the deficit arose due to the pandemic.<sup>627</sup>

On 26 February 2021, the Government of Russia approved allocation of extra RUB100 billion (approximately USD1.3 billion) for infrastructure development in a two-years period. The funds would be granted for construction of toll roads in 69 regions along with renovation of existing roads.<sup>628</sup>

On 20 March 2021, the Ministry of Finance of the Russian Federation presented the key objectives of the Strategy of Finance Market Development to 2030. The Ministry aims to attract investments by providing transparent and adequate information concerning long-term development priorities. Also, the Ministry plans to introduce new mechanisms to guard individual low-qualified investors amid market uncertainty along with introduction of Russia's own digital currency.<sup>629</sup>

On 27 March 2021, the Government of Russia approved allocation of extra subsidies for agriculture machinery producers. Each applicant could be granted a sum up to RUB5 million (approximately USD67 ths). The Government plans to grant up to RUB1.5 billion (approximately USD20 million) in 2021 – 2023 in subsidies.<sup>630</sup>

On 3 April 2021, the Government of Russian decided to allocate extra RUB1 billion (approximately USD13.5 million) to modernize industrial facilities. Among the recipients – 25 regions of Russia

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<sup>626</sup> El Grupo Consultivo Regional para las Américas del Consejo de Estabilidad Financiera (FSB) discutió sobre las vulnerabilidades globales y regionales, y las medidas de apoyo ante la pandemia por COVID-19, Banxico 4 May 2021. Access Date: 13 May 2021. <https://www.banxico.org.mx/publicaciones-y-prensa/miscelaneos/%7B4FBC9F8D-DF0C-84E8-E14D-DB22D17409A4%7D.pdf>

<sup>627</sup> Government to Allocate Another RUB2.5 billion to Stabilize Regional Budgets, Government of the Russian Federation (Moscow) 27 December 2021. Access Date: 17 May 2021. <http://government.ru/news/41227/>

<sup>628</sup> Government to Allocate RUB100 billion for Infrastructure Development), the Government of the Russian Federation (Moscow) 01 March 2021. Access Date: 17 May 2021. <http://government.ru/news/41635/>

<sup>629</sup> Strategy – 2030: Ministry to Define the Key Objective, Vesti.RU (Moscow) 20 March 2021. Access Date: 17 May 2021. <https://www.vesti.ru/finance/article/2539309>

<sup>630</sup> Government to Extend Measures to Support Agriculture Machinery Producers, Government of the Russian Federation (Moscow) 31 March 2021. Access Date: 17 May 2021. <http://government.ru/news/41830/>

including Kuzbas, Novosibirsk and Pskov. The Government would subsidize share of expenses needed to purchase new equipment, provide access to infrastructure and settle lease payments.<sup>631</sup>

On 5 April 2021, the Ministry of Finance of the Russian Federation unveiled its intention to spend extra funding received from trade in oil on foreign reserves accumulation. From 07 April to 07 May 2021, the Ministry would allocate extra RUB185.7 billion (approximately USD2.5 billion) for foreign currency purchase.<sup>632</sup>

On 15 April 2021, the Government of Russia approved extra measures to support touristic enterprises offering outbound tourist trips. The Government extended moratorium on mandatory payments to specially designated state funds and extended notification period for tourist refund operations from two weeks to one month.<sup>633</sup>

On 16 April 2021, the Government of Russia allocated extra RUB1 billion (approximately USD13.5 million) to promote poultry farming and fisheries.<sup>634</sup>

On 15 April 2021, the Government of Russia presented a national program to support local economic activities among ethnic minorities of Russia's Arctic region. The program is based on six pillars, namely infrastructure, market access improvement measures, establishment of the Traditional Industries Center, promotion of tourism, educational and skills development.<sup>635</sup>

On 5 May 2021, the Government of Russia announced its intention to allocate extra funds to complete the 4<sup>th</sup> stage of construction of the Bolshoi' Stavropol'sky channel. The decision implies allocation of extra RUB220 million (approximately USD2.9 million) in 2022.<sup>636</sup>

On 13 May 2021, the Government of Russia approved an amendment to the state Strategy to Promote Services Export till 2025. Six new projects were incorporated into the Strategy. Extra funding for key spheres such as healthcare services would be granted in 2022.<sup>637</sup>

On 14 May 2021, the Government of Russia made a decision to ease preconditions for local governments to obtain federal loans. New short-term loans (up to 240 days) would be available regardless of loans granted in 2020. Also, the Government prolonged maturity period for loans granted in 2020 to finance COVID-19 countermeasures till 2029.<sup>638</sup>

Russia has taken actions both to provide sustainable capital flows and facilitate domestic capital market development.

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<sup>631</sup> Regions to Receive RUB1 billion for Industrial Modernization, the Government of the Russian Federation (Moscow) 05 April 2021. Access Date: 17 May 2021. <http://government.ru/news/41887/>

<sup>632</sup> Concerning Oil and Gas Income and Buy/Sell Operation in Foreign Currencies on Local Market, Ministry of Finance of the Russian Federation (Moscow) 5 April 2021. Access Date: 17 May 2021. [https://minfin.gov.ru/ru/press-center/?id\\_4=37434-o\\_neftegazovykh\\_dokhodakh\\_i\\_provedenii\\_operatsii\\_po\\_pokupkeprodazhe\\_inostranoi\\_valyuty\\_na\\_vnutrennem\\_valyutno\\_m\\_rynke](https://minfin.gov.ru/ru/press-center/?id_4=37434-o_neftegazovykh_dokhodakh_i_provedenii_operatsii_po_pokupkeprodazhe_inostranoi_valyuty_na_vnutrennem_valyutno_m_rynke)

<sup>633</sup> Government to Approve Extra Measures to Support Outbound Tourist Operators, Government of the Russian Federation 15 April 2021. Access Date: 17 May 2021. <http://government.ru/news/41973/>

<sup>634</sup> Government to Allocate Extra Funds to Promote Poultry and Fisheries, Government of the Russian Federation (Moscow) 18 April 2021. Access Date: 17 May 2021. <http://government.ru/news/41997/>

<sup>635</sup> Government to Approve Government Support Program to Promote Traditional Industries in Russia's Arctic, Government of the Russian Federation (Moscow) 20 April 2021. Access Date: 17 May 2021. <http://government.ru/news/42009/>

<sup>636</sup> Government to Allocate Extra Funds for the 4<sup>th</sup> Stage of Bolshoi' Stavropol'sky Channel, Government of the Russian Federation (Moscow) 5 May 2021. Access Date: 17 May 2021. <http://government.ru/news/42131/>

<sup>637</sup> Government to Extend the Strategy of Service Export Promotion, Government of the Russian Federation (Moscow) 17 May 2021. Access Date: 17 May 2021. <http://government.ru/news/42185/>

<sup>638</sup> Government to Ease Requirements for Short-Term Budget Loans, Government of the Russian Federation (Moscow) 14 May 2021. Access Date: 17 May 2021. <http://government.ru/news/42172/>

Thus, Russia receives a score of +1.

*Analyst: Alexander Ignatov*

**Saudi Arabia: +1**

Saudi Arabia has fully complied with the commitment to strengthen long-term financial resilience and support growth.

On 5 April 2021, the General Authority of Zakat and Tax (GAZT) issued regulations to implement an initial special economic zone in Saudi Arabia, the integrated logistic bonded zone (ILBZ). “The ILBZ was announced in October 2018, as part of a goal to make Riyadh one of the 10 largest city economies in the world and is in line with efforts to make Saudi Arabia a globally competitive transportation and logistics hub for the movement of goods and services. The ILBZ will, among other things, provide direct and indirect tax benefits and exemptions to Saudi companies and foreign investors. A company (or branch of a company) that is licensed to conduct activities in the ILBZ – an established entity – will be eligible for tax benefits and exemptions in relation to the following activities: Maintenance, repair, processing, modification, development, assembly, and storage of goods; Sorting, packing, repacking, trading in, distributing, dealing with, and using goods in any form (including simple manufacturing operations); Import, export, and re-export; Value-added services, logistics services, and after sales services; Recycle waste and e-waste.”<sup>639</sup> “The tax benefits and exemptions that are available to established entities include: Income tax at a zero per cent (0 per cent) rate for income derived from the prescribed activities; Permanent establishments of non-resident entities conducting activities related to goods in Saudi Arabia are disregarded, provided the non-resident has no physical presence in Saudi Arabia; Suspended customs duty for goods imported into or transported within the ILBZ (no customs duty is applicable until goods enter the Saudi mainland for domestic consumption; No value added tax (VAT) on supplies or transactions occurring with respect to goods in the ILBZ (such supplies would be outside the scope of VAT because the supplies occur under customs duty suspension).”<sup>640</sup>

On 15 March 2021, the GAZT and the General Customs Authority “launched an initiative to defer the payment of customs duties and taxes on goods imported into Saudi Arabia.”<sup>641</sup> The program “allows the postponement of import taxes for a period of up to 21 days following the date of the clearance of the goods for home consumption in the Saudi market.”<sup>642</sup>

On 2 March 2021, the Saudi Central Bank announced it would launch a new initiative, Open Banking, to stimulate growth and innovation in Saudi Arabia’s financial services industry in the first half of 2022. “Open Banking will be a key component in the development of financial services in Saudi Arabia. It dovetails with the strategic priorities set out in both the Saudi Vision 2030 and the Financial Sector Development Program, namely: developing the digital economy and supporting

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<sup>639</sup> Saudi Arabia: Regulations to implement tax benefits in special economic zone, KPMG (Amstelveen) 5 April 2021. Access Date: 30 April 2021. <https://home.kpmg/us/en/home/insights/2021/04/tnf-saudi-arabia-regulations-implement-tax-benefits-special-economic-zone.html>

<sup>640</sup> Saudi Arabia: Regulations to implement tax benefits in special economic zone, KPMG (Amstelveen) 5 April 2021. Access Date: 30 April 2021. <https://home.kpmg/us/en/home/insights/2021/04/tnf-saudi-arabia-regulations-implement-tax-benefits-special-economic-zone.html>

<sup>641</sup> Saudi Arabia: Deferral of customs duty for 21-day period after importation, KPMG (Amstelveen) 29 March 2021. Access Date: 30 April 2021. <https://home.kpmg/us/en/home/insights/2021/03/tnf-saudi-arabia-deferral-of-customs-duty-for-21-day-period-after-importation.html>

<sup>642</sup> Saudi Arabia: Deferral of customs duty for 21-day period after importation, KPMG (Amstelveen) 29 March 2021. Access Date: 30 April 2021. <https://home.kpmg/us/en/home/insights/2021/03/tnf-saudi-arabia-deferral-of-customs-duty-for-21-day-period-after-importation.html>

private sector growth in financial services.”<sup>643</sup> Open Banking aims at “stimulating innovation by enhancing opportunities to develop new products and services that will increase value proposition and create additional revenue streams; increasing competition, reducing barriers to entry for new participants and providing them with a better understanding of customer needs; creating greater efficiency in the banking system. Additionally, new technologies may reduce the cost of innovation providing an easy way to collaborating with third-party providers.”<sup>644</sup>

On 2 March 2021, Saudi Arabia announced a new law (to be effective since 1 January 2024) which will prevent international businesses without regional headquarters in Saudi Arabia from contracting with institutions, agencies and funds owned by the Saudi government. “The Saudi Minister of Investment defines “regional headquarters” as having all executive staff operations and supporting functions in Saudi Arabia. Headquarters must be located in Riyadh or Dammam and Jeddah with prior government authorization.”<sup>645</sup>

On 7 April 2021, Saudi Arabia announced details of the an investment program, which encompasses three main initiatives, with a SAR10 trillion target (excluding SAR2 trillion Foreign Direct Investment (FDI)) over the next ten years. “The three main initiatives include the “Shareek” program, the Public Investment Fund (PIF) investment program, and the to-be-announced National Investment Strategy (NIS). The Shareek program seeks to partner with the private sector. Saudi Crown Prince Mohammed bin Salman launched the program in late March 2021, as part of the broader investment program. Shareek is meant as a partnership of the government with the private sector to increase domestic investments and support economic growth. The goal of the Shareek program is to unleash domestic investments of SAR5 trillion (166 per cent of 2021 GDP) over the period to 2030. The PIF investment program contribute SAR3 trillion in investments over the same period. The PIF domestic investments averaged SAR62 billion over the period 2016-20 with targeted annual investments of SAR 150 billion over the period 2021-2025. Extending this pace of annual investments to 2030 would bring cumulative investments by the PIF to SAR1.5 trillion over the 2021-2030 period. The to-be-announced NIS will also generate SAR4 trillion in investments over the same period, which is estimated to include an ambitious target of SAR2 trillion in Foreign Direct Investments.”<sup>646</sup>

Saudi Arabia has taken a number of important actions to strengthen long-term financial resilience and support growth.

Thus, Saudi Arabia receives a score of +1.

*Analyst: Pavel Doronin*

## **South Africa: 0**

South Africa has partially complied with the commitment to strengthen long-term financial resilience and support growth.

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<sup>643</sup> Saudi Arabia: Saudi Central Bank Launches Open Banking Initiative, Mondaq (New York) 2 March 2021. Access Date: 30 April 2021. <https://www.mondaq.com/saudi-arabia/financial-services/1041936/saudi-central-bank-launches-open-banking-initiative->

<sup>644</sup> Saudi Arabia: Saudi Central Bank Launches Open Banking Initiative, Mondaq (New York) 2 March 2021. Access Date: 30 April 2021. <https://www.mondaq.com/saudi-arabia/financial-services/1041936/saudi-central-bank-launches-open-banking-initiative->

<sup>645</sup> Saudi Arabia: New Law In Saudi Arabia To Require Regional Headquarters For International Companies, Mondaq (New York) 2 March 2021. Access Date: 30 April 2021. <https://www.mondaq.com/saudi-arabia/government-contracts-procurement-ppp/1041884/new-law-in-saudi-arabia-to-require-regional-headquarters-for-international-companies>

<sup>646</sup> Saudi Arabia's new investment program could be a big leap for the economy, Gulf News (Dubai) 7 April 2021. Access Date: 30 April 2021. <https://gulfnews.com/business/analysis/saudi-arabias-new-investment-programme-could-be-a-big-leap-for-the-economy-1.1617772442564>

On 11 December 2020, the National Development Agency has allocated ZAR32 million (approximately USD2.2 million) for 200 civil society organizations to stimulate local economic development.<sup>647</sup>

On 5 February 2021, the Government of South Africa announced its intention to allocate ZAR 400 million (approximately USD28.3 million) to assist the early childhood development sector that had been badly hit with COVID-19–related restrictions. “The department said the budget allocation, known as the Early Childhood Development Stimulus Relief Fund, is part of sustaining and creating employment opportunities in the sector, in light of the high unemployment rate and job losses occasioned by the pandemic.”<sup>648</sup>

On 24 February 2021, the National Treasury announced that “a total R217 billion (approximately USD15 billion) would be spent over the next three-years on ambitious economic development programs aimed at promoting faster and sustained inclusive economic growth...According to the document, an allocation of R81.6 billion (approximately USD5.7 billion) over the medium term will support the expansion of public employment programs while a further R1 billion is set aside to enhance accountability for waste management.”<sup>649</sup>

On 22 April 2021, the Cabinet approved the Tourism Sector Recovery Plan. The objective of the Plan is to preserve jobs and livelihoods along with creation of new job opportunities especially among women, youth and people with disabilities in the sector.<sup>650</sup> Interventions and enablers outlined in the Tourism Sector Recovery Plan will facilitate the preservation of ZAR189 billion (approximately USD13.4 billion) of value and help the sector to recover.<sup>651</sup>

On 28 April 2021, “the South African Reserve Bank, as part of the modernization of the national payment system (NPS), embarked on the Authenticated Collections (AC)/DebiCheck project. This project is a first of its kind that seeks to address the increasing levels of abuse in the debit order payment system, known commercially as the early debit order (EDO) payment system. From 1 May 2021, all new and renegotiated EDO mandates will be originated in the AC/DebiCheck payment system and not in the current EDO payment system. Early debit orders will only be processed through the AC/DebiCheck payment system, while normal debit orders will still be processed later in the day as per current arrangements.”<sup>652</sup>

South Africa takes steps to ensure sustainable capital flows, but no action aimed at domestic capital market development has been founded.

Thus, South Africa receives a score of 0.

*Analyst: Alexander Ignatov*

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<sup>647</sup> R32 million allocated to stimulate local economic development, South African Government News Agency (Pretoria) 11 December 2020. Access Date: 17 May 2021. <https://www.sanews.gov.za/south-africa/r32-million-allocated-stimulate-local-economic-development>

<sup>648</sup> Over R400m to assist struggling ECDs, South African Government News Agency (Pretoria) 5 February 2021. Access Date: 17 May 2021. <https://www.sanews.gov.za/south-africa/over-r400m-assist-struggling-ecds>

<sup>649</sup> R217 billion allocated for economic growth programmes, South African Government News Agency (Pretoria) 24 February 2021. Access Date: 17 May 2021. <https://www.sanews.gov.za/south-africa/r217-billion-allocated-economic-growth-programmes>

<sup>650</sup> Recovery plan for COVID-19 hit tourism sector, South African Government News Agency (Pretoria) 22 April 2021. Access Date: 17 May 2021. <https://www.sanews.gov.za/south-africa/recovery-plan-covid-19-hit-tourism-sector>

<sup>651</sup> Tourism Recovery Plan to facilitate preservation of R189 billion, South African Government News Agency (Pretoria) 22 April 2021. Access Date: 17 May 2021. <https://www.sanews.gov.za/south-africa/tourism-recovery-plan-facilitate-preservation-r189-billion>

<sup>652</sup> The South African Reserve Bank modernizes the national payment system with the DebiCheck project, South African Reserve Bank (Pretoria) 28 April 2021. Access Date: 17 May 2021. <https://www.resbank.co.za/en/home/publications/publication-detail-pages/media-releases/2021/The-SARB-modernises-NPS-with-Debichack-Project>

## **Turkey: +1**

Turkey has fully complied with the commitment to strengthen long-term financial resilience and support growth.

On 19 February 2021, Turkey reported “monetary policy has been significantly tightened, international reserves have stabilized and the Turkish lira has appreciated by 18 percent against the US dollar since early November” 2020. Under its new leadership, the central bank has simplified monetary policy by reverting to a single policy interest rate (one-week repo rate) to improve transparency and predictability, strengthened its communication strategy and stepped-up its tightening cycle by increasing policy rate rates by 675 basic points in November-December 2020. The real policy rate (adjusted for 12-month inflation expectations) increased to 6.8 per cent in February 2021 compared with -1.55 per cent in August 2020. Authorities have also reversed previous regulatory measures to rein in rapid credit growth. The central bank current policy settings are aimed at achieving sustained disinflation (reaching its inflation target of 5 per cent in 2023), a reversal in dollarization and rebuilding FX reserves. In line with its intention to strengthen inflation targeting credentials, the central bank has renewed its previous long-standing commitment to a floating exchange rate, after large scale interventions in 2020. The change in investor sentiment and domestic actors has led to significant lira appreciation, lower risk premium and some net capital inflows.”<sup>653</sup>

On 12 March 2021, “President Recep Tayyip Erdoğan unveiled Turkey’s latest Economic Reform Package. Macroeconomic policies of the Economic Reform Package encompass significant steps such as ensuring price stability, increasing investments and employment, supporting financial sector and reducing the current deficit. Meanwhile, structural policies include strengthening institutional structure, encouraging investments, facilitating domestic trade, enhancing competition policies and performing market surveillance and inspection. Regarding investments, the package includes a series of regulations to further enhance the investment environment in Turkey, some of are being introducing special incentives, reducing the impact of bureaucracy and land allocation for investments. President Erdoğan added that instruments in interest-free finance will also be diversified to position Turkey as an alternative location for such investments and Tech-driven Industry Initiative and Project-based Incentives System will be bolstered up to reduce the current deficit. As part of the regulations to fight against inflation, the Turkish government has decided to establish the Price Stability Committee with representation of key sectors such as agriculture, industry and services. President Erdoğan, also heralded a new law to be introduced regarding the Istanbul Finance Center project. Once the center gets fully operational, the government will make efforts to make it a center of attraction for international finance organizations. Within the scope of a legal regulation, a new incentives mechanism will be launched specifically for the Istanbul Finance Center.”<sup>654</sup>

On 18 March 2021, “Turkey’s central bank raised its policy rate again in attempt to control rising inflation. The Central Bank of the Republic of Turkey’s seven-member monetary policy committee (MPC) raised its one-week repo rate by 200 basis points, from 17 per cent to 19 per cent. The MPC has raised the policy rate by 875 basis points in the four months.”<sup>655</sup>

Turkey has taken actions to provide sustainable capital flows and facilitate domestic capital market development.

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<sup>653</sup> Fitch Revises Turkey’s Outlook to Stable; Affirms at ‘BB-’, Fitch Ratings (London) 19 February 2021. Access Date: 30 April 2021. <https://www.fitchratings.com/research/sovereigns/fitch-revises-turkey-outlook-to-stable-affirms-at-bb-19-02-2021>

<sup>654</sup> New Economic Reform Package Heralded by President Erdogan, Invest in Türkiye (Ankara) 21 April 2021. Access Date: 30 April 2021. <https://www.invest.gov.tr/en/news/newsletters/lists/investnewsletter/investment-office-apr-2021-newsletter.pdf>

<sup>655</sup> Turkish central bank announces large rate rise, Central Banking (Ankara) 18 March 2021. Access Date: 30 April 2021. <https://www.centralbanking.com/central-banks/monetary-policy/7812576/turkish-central-bank-announces-large-rate-rise>

Thus, Turkey receives a score of +1.

*Analyst: Pavel Doronin*

### **United Kingdom: +1**

The United Kingdom has fully complied with the commitment to strengthen long-term financial resilience and support growth.

In January 2021, the UK published a call for input “to identify options to make the UK a more attractive location to set up, manage and administer funds, and support more efficient investments better suited to investors’ needs.”<sup>656</sup>

On 3 March 2021, the details of the new UK budget were published. According to the document, in 2021-22 the UK government will carry out sound monetary policies and apply countercyclical fiscal measure to address the consequences of the COVID-19 pandemic.<sup>657</sup>

On 19 March 2021, Chancellor of the Exchequer Rishi Sunak announced new plans to help fintechs scale up. In particular, “the UK will consult on changes to its prospectus regime – which governs the information a company must publish when raising finance...to ensure the rules are not overly burdensome but provide investors with the information they need, tailored to the type of transaction. The consultation will also explore how to make it easier for companies to provide the forward-looking financial information investors want to see, which would particularly benefit technology and life sciences companies with high-growth potential, and their investors. A group of experts will also be convened to look at how to improve the efficiency of rights issues – when a listed company invites its existing shareholders to purchase additional new shares – and the role technology could play in streamlining the process, as recommended by the Review. Separately, ambitious reforms to the UK’s wider capital markets regime will also be consulted on this summer, including proposals to delete the share trading obligation and double volume cap. The consultation process aims to deliver a rulebook that is fair, outcomes-based and supports competitiveness, whilst ensuring the UK maintains the highest regulatory standards.”<sup>658</sup>

In April 2021, the UK government’s gross reserves increased by USD815 million to USD178,964 million, as compared to end-March.<sup>659</sup>

The United Kingdom has taken actions to provide sustainable capital flows and facilitate domestic capital market development.

Thus, the United Kingdom receives a score of +1.

*Analyst: Andrey Shelepov*

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<sup>656</sup> Review of the UK funds regime: A call for input, HM Treasury (London) January 2021. Access Date: 5 May 2021. [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/955542/REVIEW\\_OF\\_THE\\_UK\\_FUNDS\\_REGIME\\_-\\_CALL\\_FOR\\_INPUT.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/955542/REVIEW_OF_THE_UK_FUNDS_REGIME_-_CALL_FOR_INPUT.pdf)

<sup>657</sup> Policy paper. Budget 2021 (HTML), HM Treasury (London) 3 March 2021. Access Date: 5 May 2021. <https://www.gov.uk/government/publications/budget-2021-documents/budget-2021-html>

<sup>658</sup> Ambitious plans to boost UK fintech and financial services set out by Chancellor, UK Government (London) 21 April 2021. Access Date: 5 May 2021. <https://www.gov.uk/government/news/ambitious-plans-to-boost-uk-fintech-and-financial-services-set-out-by-chancellor>

<sup>659</sup> Statistical Release: UK official holdings of international reserves – April 2021, HM Treasury (London) 6 May 2021. Access Date: 7 May 2021. [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/983632/Statistical\\_Release\\_UK\\_official\\_holdings\\_of\\_international\\_-\\_April\\_2021.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/983632/Statistical_Release_UK_official_holdings_of_international_-_April_2021.pdf)

**United States: +1**

The United States has fully complied with the commitment to strengthen long-term financial resilience and support growth.

On 18 December 2021, the Federal Reserve Board announced that it had “voted to affirm the Countercyclical Capital Buffer (CCyB) at the current level of 0 per cent...follow[ing] the framework detailed in the Board’s policy statement for setting the CCyB for private-sector credit exposures located in the United States.”<sup>660</sup> This move was, according to the message by the Board, intended to “increase the resilience of the financial system by raising capital requirements on large banking organizations” as well as to help moderate fluctuations in the supply of credit.<sup>661</sup>

On 18 February 2021, the Federal Reserve Board “announced a final rule that is intended to reduce risk and increase efficiency in the financial system by applying netting protections to a broader range of financial institutions. The final rule amends Regulation EE (Financial Institution Netting) to apply netting provisions of the Federal Deposit Insurance Corporation Improvement Act of 1991 to certain new entities including swap dealers. The rule also provided clarifications to the existing activities-based test in Regulation EE to clarify how the activities-based test applies following a consolidation of legal entities.”<sup>662</sup>

On 8 March 2021, the Federal Reserve Board announced the extension of its Paycheck Protection Program Liquidity Facility by three months to 30 June 2021. The extension was aimed at providing “continued support for the flow of credit to small businesses through the Paycheck Protection Program.”<sup>663</sup>

On 31 March 2021, the Federal Reserve Board adopted a final rule outlining and confirming the use of supervisory guidance for regulated institutions. The rule codified the Interagency Statement Clarifying the Role of Supervisory Guidance, made in 2018, as an Appendix to the Board’s Rules of Procedure, affirming the principle of administrative law that guidance does not have the force and effect of law or regulation. This decision served, according to the memo by the Board, to provide certainty and transparency to regulated financial institutions.<sup>664</sup>

The United States took actions to provide sustainable capital flows and facilitate domestic capital market development.

Thus, the United States receives a score of +1.

*Analyst: Andrei Sakharov*

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<sup>660</sup> Federal Reserve Board votes to affirm the Countercyclical Capital Buffer (CCyB) at the current level of 0 percent, Federal Reserve (Washington) 12 March 2021. Access Date: 14 May 2021.

<https://www.federalreserve.gov/newsevents/pressreleases/bcreg20201218c.htm>

<sup>661</sup> Federal Reserve Board votes to affirm the Countercyclical Capital Buffer (CCyB) at the current level of 0 percent, Federal Reserve (Washington) 12 March 2021. Access Date: 14 May 2021.

<https://www.federalreserve.gov/newsevents/pressreleases/bcreg20201218c.htm>

<sup>662</sup> Federal Reserve Board announces final rule intended to reduce risk and increase efficiency in the financial system by applying netting protections to a broader range of financial institutions, Federal Reserve (Washington) 18 February 2021. Access Date: 14 May 2021. <https://www.federalreserve.gov/newsevents/pressreleases/bcreg20210218a.htm>

<sup>663</sup> Federal Reserve Board announces it will extend its Paycheck Protection Program Liquidity Facility, or PPLF, by three months to June 30, 2021, Federal Reserve (Washington) 8 March 2021. Access Date: 14 May 2021.

<https://www.federalreserve.gov/newsevents/pressreleases/monetary20210308a.htm>

<sup>664</sup> Board Memo: Final Rule on the Role of Supervisory Guidance, Federal Reserve (Washington) 12 March 2021. Access Date: 14 May 2021. <https://www.federalreserve.gov/newsevents/pressreleases/files/board-memo-20210312.pdf>

### European Union: +1

The European Union has fully complied with the commitment to strengthen long-term financial resilience and support growth.

On 2 December 2020, the Council of the European Union published Conclusions on the European Commission's Capital Markets Union Action Plan. The Council called on the Commission "to focus on actions that can be delivered via non-legislative means, and which, like legislative means, can help channeling savings into the capital markets in order to make these funds available for the economy without risking financial stability, market integrity or consumer protection."<sup>665</sup> It also urged the Commission to set up "an EU-wide "single access point" for financial and non-financial company information that is useful for investors in order to increase transparency, while avoiding creating disproportionate reporting and filing burden for EU companies."<sup>666</sup>

On 3 March 2021, the European Commission "adopted a Communication providing Member States with broad guidance on the conduct of fiscal policy in the period ahead. It provided guiding principles for the proper design and quality of fiscal measures."<sup>667</sup> The Commission advocated "coordinated and consistent policy response to the current crisis. This requires credible fiscal policies that address the short-term consequences of the coronavirus pandemic and support the recovery, while not endangering fiscal sustainability in the medium-term."<sup>668</sup>

On 22 April 2021, the Governing Council of the European Central Bank (ECB) "decided to reconfirm its very accommodative monetary policy stance."<sup>669</sup> The aim of this policy is "to ensure that inflation moves towards its aim in a sustained manner, in line with the ECB's commitment to symmetry."<sup>670</sup>

The European Union has taken actions to provide sustainable capital flows and facilitate domestic capital market development.

Thus, the European Union receives a score of +1.

*Analyst: Andrey Shelepov*

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<sup>665</sup> Council Conclusions on the Commission's CMU Action Plan, Council of the European Union (Brussels) 2 December 2020. Access Date: 5 May 2021. <https://data.consilium.europa.eu/doc/document/ST-12898-2020-REV-1/en/pdf>

<sup>666</sup> Council Conclusions on the Commission's CMU Action Plan, Council of the European Union (Brussels) 2 December 2020. Access Date: 5 May 2021. <https://data.consilium.europa.eu/doc/document/ST-12898-2020-REV-1/en/pdf>

<sup>667</sup> Commission presents updated approach to fiscal policy response to coronavirus pandemic, European Commission (Brussels) 3 March 2021. Access Date: 5 May 2021. [https://ec.europa.eu/commission/presscorner/detail/en/ip\\_21\\_884](https://ec.europa.eu/commission/presscorner/detail/en/ip_21_884)

<sup>668</sup> Commission presents updated approach to fiscal policy response to coronavirus pandemic, European Commission (Brussels) 3 March 2021. Access Date: 5 May 2021. [https://ec.europa.eu/commission/presscorner/detail/en/ip\\_21\\_884](https://ec.europa.eu/commission/presscorner/detail/en/ip_21_884)

<sup>669</sup> Monetary policy decisions, European Central Bank (Brussels) 22 April 2021. Access Date: 5 May 2021. <https://www.ecb.europa.eu/press/pr/date/2021/html/ecb.mp210422~f075ebe1f0.en.html>

<sup>670</sup> Monetary policy decisions, European Central Bank (Brussels) 22 April 2021. Access Date: 5 May 2021. <https://www.ecb.europa.eu/press/pr/date/2021/html/ecb.mp210422~f075ebe1f0.en.html>