



2021 G20 Rome Summit Interim Compliance Report

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

We encourage readers to send comments to

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2. Macroeconomics: Local Currency Capital Markets

“[We reiterate our commitment to strengthening long-term financial resilience and supporting inclusive growth, including through] ...developing local currency capital markets.”

G20 Rome Leaders’ Declaration

Assessment

	No Compliance	Partial Compliance	Full Compliance
Argentina			+1
Australia			+1
Brazil			+1
Canada			+1
China			+1
France			+1
Germany			+1
India			+1
Indonesia			+1
Italy	-1		
Japan			+1
Korea			+1
Mexico		0	
Russia			+1
Saudi Arabia			+1
South Africa		0	
Turkey			+1
United Kingdom			+1
United States	-1		
European Union		0	
Average		+0.65 (83%)	

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 2018.²⁷³

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.”²⁷⁴ The issue of using “all policy tools” to work towards bolstering inclusive growth has remained a priority 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 take to promote inclusive growth. The actions and policies outlined followed four main themes: vision, integration, openness and inclusiveness. These four themes lay the foundation of what inclusive growth would look like

²⁷³ G20 Leaders’ Communique, RANEP (Moscow) 16 November 2014. Access Date: 13 December 2021.

<https://www.ranepa.ru/images/media/g20/2014brisbane/G20%20Leaders%E2%80%99%20Communuqu%C3%A9%20Brisbane%20Summit,%2015-16%20November%202014.pdf>

²⁷⁴ G20 Leaders’ Communique. Antalya Summit 15-16 November 2015, RANEP (Moscow) 16 November 2015. Access Date: 13 December 2021. <https://www.ranepa.ru/images/media/g20/2015Antalya/000111117.pdf>

moving forward, including sustainability, cooperation, fairness and removing inequalities in the international economic system.²⁷⁵

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.” Once again, leaders committed to using “all policy tools” in advancing inclusive growth. 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. The G20 Africa Partnership was also discussed as a vehicle to advance and promote inclusive growth amongst African economies.²⁷⁶

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.” One of the summit’s priority areas, infrastructure, was also promoted as a significant factor in advancing inclusive growth.²⁷⁷ 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.²⁷⁸

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 them “to achieve strong, sustainable, balanced and inclusive growth, and safeguard against downside risks, by stepping up our dialogue and actions to enhance confidence.” G20 members identified that “carefully calibrated macroeconomic and structural policies tailored to country-specific circumstances” are imperative in order to achieve this commitment. 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.²⁷⁹

In 2020, amid economic constraints put by the COVID-19 pandemic, 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.²⁸⁰

At the 2021 Rome Summit, the leaders retained the priority of developing local currency capital markets as a means to strengthen long-term financial resilience and support inclusive growth.²⁸¹

Commitment Features

The commitment requires the G20 members to develop local currency capital markets. 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

²⁷⁵ G20 Leaders’ Communique. Hangzhou Summit, RANEPА (Moscow) 5 September 2016. Access Date: 13 December 2021. use <https://www.ranepa.ru/images/media/g20/2016Hangzhou/G20%20Leaders%E2%80%99%20Communique%20Hangzhou%20Summit.pdf>

²⁷⁶ G20 Leaders’ Declaration, Shaping an interconnected world, RANEPА (Moscow) 8 July 2017. Access Date: 13 December 2021. https://www.ranepa.ru/images/media/g20/2017hamburg/G20%20Hamburg%20leaders_%20communique%C3%A9.pdf

²⁷⁷ G20 Leaders’ Declaration, RANEPА (Moscow) 1 December 2018. Access Date: 13 December 2021. https://www.ranepa.ru/images/media/g20/2018buenosaires/buenos_aires_leaders_declaration.pdf

²⁷⁸ Buenos Aires Action Plan, RANEPА (Moscow) 1 December 2018. Access Date: 13 December 2021. https://www.ranepa.ru/images/media/g20/2018buenosaires/buenos_aires_leaders_plan.pdf

²⁷⁹ G20 Osaka Leaders’ Declaration, RANEPА (Moscow) 29 June 2019. Access Date: 13 December 2021. https://www.ranepa.ru/images/News_ciir/Project/G20_new_downloadings/FINAL_G20_Osaka_Leaders_Declaration.pdf

²⁸⁰ Leaders’ Declaration, RANEPА (Moscow) 22 November 2020. Access Date: 13 December 2021. https://www.ranepa.ru/ciir/sfery-issledovaniy/gruppa-dvadtsati/dokumenty-gruppy-dvadtsati/saudovskoe-predsdatelstvo-2020/G20%20Riyadh%20Summit%20Leaders%20Declaration_EN.pdf

²⁸¹ G20 Rome Leaders Declaration, RANEPА (Moscow) 31 October 2021. Access Date: 13 December 2021. <https://www.ranepa.ru/ciir/sfery-issledovaniy/gruppa-dvadtsati/dokumenty-gruppy-dvadtsati/italyanskoe-predsdatelstvo-2021/G20-ROME-LEADERS-DECLARATION.pdf>

securities to the public.”²⁸² “Local currency” in this context refers to the domestic market of a particular jurisdiction, which operates using its national currency. “Development” refers to “process in which someone or something grows or changes and becomes more advanced.”²⁸³ “Resilience” is defined as the “ability to recover from or adjust easily to misfortune or change.”²⁸⁴ In the context of this commitment, financial resilience refers to the ability of the financial markets to recover from negative impacts. “Inclusive growth” is defined by the OECD as “economic growth that is distributed fairly across society and creates opportunities for all.”²⁸⁵

The G20 members are required to take actions that make their domestic capital markets stronger against economic constraints caused by the COVID-19 pandemic. As it is proposed by the Bank for International Settlements,²⁸⁶ 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.
- 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.

This commitment has a depth component of how strong the action taken by the G20 member is. A G20 member must take significant action to register full compliance. For strong actions, a G20 member would have to initiate a program or new law, and/or contribute financial or technical resources to develop local currency capital markets in line with at least one of the aforementioned action areas.²⁸⁷ Weak actions for partial compliance could include verbal reaffirmation of the commitment or attending meetings that discuss relevant issues.

Scoring Guidelines

-1	G20 member has not taken any actions to develop local currency capital markets
0	G20 member has only taken weak actions to develop local currency capital markets
+1	G20 member has taken strong actions to develop local currency capital markets

*Compliance director: Alexander Ignatov
Lead analyst: Andrey Shelepov*

Argentina: +1

Argentina has fully complied with the commitment to develop local currency capital markets.

²⁸² The Developments of Capital Markets in Africa, with Particular Reference to Kenya and Nigeria, IMF (Washington, D.C.). Access Date: 13 December 2021. https://www.elibrary.imf.org/view/IMF024/14861-9781451947335/14861-9781451947335/14861-9781451947335_A006.xml?language=env

²⁸³ Cambridge Dictionary. Access Date: 13 December 2021. <https://dictionary.cambridge.org/dictionary/english/development>

²⁸⁴ Merriam-Webster (Springfield). Access Date: 13 December 2021. <https://www.merriam-webster.com/dictionary/resilience>

²⁸⁵ What is Inclusive Growth, Organisation for Economic Co-operation and Development (Paris) 6-7 May 2014. Access Date: 13 December 2021. <https://www.oecd.org/inclusive-growth>

²⁸⁶ Establishing viable capital markets, BIS (Basel) 23 January 2019. Access Date: 13 December 2021. <https://www.bis.org/publ/cgfs62.pdf>

²⁸⁷ Compliance Coding Manual for International Institutional Commitments, G7 and G20 Research Groups (Toronto) 12 November 2020. Access Date: 13 December 2021. http://www.g7.utoronto.ca/compliance/Compliance_Coding_Manual_2020.pdf

On 20 December 2021, the Ministry of Finance based on the premise of further strengthening local currency financing offered a diverse basket of instruments with a monetary value of approximately ARS429 million, achieving a refinancing rate of 149 per cent.²⁸⁸

On 21 December 2021, Minister of Agriculture, Livestock and Fisheries Julián Domínguez launched bonus rate financing for livestock producers and the meat industry amounting to ARS100 billion. According to him, “the aim is to finance increased production, boost exports and industrial capacity and suitability in meat, milk and its by-products.”²⁸⁹

On 27 December 2021, President Alberto Fernández headed the signing of a new “Fiscal Consensus for 2022” with governors from all over the country. This initiative aims to create a tax structure oriented towards encouraging investment, economic growth, formal employment in the private sector and narrowing the gap in economic and social development between different regions of the country.²⁹⁰

On 30 December 2021, the Central Bank of the Argentine Republic (BCRA) under the “Special Regime for the Creation of SME Mutual Funds” allowed financial institutions to invest in mutual funds for small and medium-sized enterprises. This measure aims to stimulate SME financing through direct credit lines as well as through the capital market.²⁹¹

On 30 December 2021, the BCRA approved the “Objectives and plans for 2022” in the field of monetary, financial and foreign exchange policy. They aim to prevent imbalances that could directly or indirectly affect the economy, maintain external competitiveness, and ensure sufficient liquidity and solvency for financial institutions.²⁹²

On 6 January 2022, the BCRA adopted a set of measures to realign monetary policy instruments to support the recovery and improve monetary, exchange rate and financial stability conditions. Such decisions are designed to realign the interest rate framework and optimize systemic liquidity management.²⁹³

On 3 March 2022, the BCRA has simplified access to the forex market for importers. The measure “gives priority to the use of foreign currency in the Argentine economy within a scheme based on maximizing its social and economic impact, and aims at building up international reserves to strengthen the monetary and foreign exchange policy.”²⁹⁴

²⁸⁸ Public debt instruments, Ministry of Economy (Buenos Aires) 20 December 2021. Translation provided by DeepL Translate. Access Date: 24 February 2022. <https://www.argentina.gob.ar/noticias/economia-coloco-en-noviembre-instrumentos-de-deuda-publica-por-un-total-de-428949-millones>

²⁸⁹ Plan GanAr, Ministry of Agriculture, Livestock and Fisheries (Buenos Aires) 21 November 2021. Translation provided by DeepL Translate. Access Date: 7 March 2022. <https://www.argentina.gob.ar/noticias/plan-ganar-julian-dominguez-lanzo-la-financiacion-tasa-bonificada-para-productores>

²⁹⁰ Step towards ensuring balanced growth throughout Argentina, Casa Rosada Presidency (Buenos Aires) 27 December 2021. Translation provided by DeepL Translate. Access Date: 3 March 2022. <https://www.casarosada.gob.ar/slider-principal/48358-estamos-dando-un-paso-en-favor-de-garantizar-un-crecimiento-equilibrado-en-toda-la-argentina-dijo-el-presidente>

²⁹¹ Banks Allowed to Invest in SME Mutual Funds, BCRA (Buenos Aires) 30 December 2021. Translation provided by DeepL Translate. Access Date: 3 March 2022. <http://www.bkra.gob.ar/Noticias/los-bancos-podran-invertir-fondos-comunes-PYMES-i.asp>

²⁹² 2022 Objectives and Plans Report, BCRA (Buenos Aires) 30 December 2021. Translation provided by DeepL Translate. Access Date: 3 March 2022. <http://www.bkra.gob.ar/Noticias/fondos-billeteras-virtuales-permaneceran-encajados-en-bkra-i.asp>

²⁹³ Monetary Policy Instruments to Improve the Conditions for Macroeconomic Stability, BCRA (Buenos Aires) 6 January 2022. Translation provided by DeepL Translate. Access Date: 3 March 2022. <http://www.bkra.gob.ar/Noticias/El-BCRA-modifica-los-instrumentos-de-politica-monetaria-i.asp>

²⁹⁴ The BCRA Ensures Foreign Currency Availability for Economic Activity, BCRA (Buenos Aires) 3 March 2022. Translation provided by DeepL Translate. Access Date: 6 March 2022. <http://www.bkra.gob.ar/Noticias/El-BCRA-modifica-los-instrumentos-de-politica-monetaria-i.asp>

On 27 April 2022, Minister of Productive Development Matías Kulfas announced financing tools for ARS16 billion to deepen financial inclusion and improve the conditions of access to credit for more micro, small and medium enterprises, small businesses and enterprises.²⁹⁵

On 12 May 2022, Minister Kulfas signed an agreement to implement a financing package for a total amount of ARS18 billion for micro, small and medium-sized enterprises. This initiative means financing SMEs to make them more competitive in the development, to generate more employment, more productive activity and contribute to a more solid macroeconomic system. The agreement also provides for the launch of a line of microcredits, which will finance working capital and investments for the purchase of tools, equipment, materials and inputs.²⁹⁶

On 24 May 2022, President Fernandez announced the Foreign Exchange Access Regime for the hydrocarbon sector to encourage investment and production, facilitate companies' access to special equipment and create new foreign exchange rules. This initiative determines the creation of Regime for Access to Foreign Exchange for Incremental Oil Production; Regime for Access to Foreign Exchange for Incremental Natural Gas Production; Regime for the Promotion of Employment, Labour and the Development of Regional and National Suppliers of the Hydrocarbons Industry.²⁹⁷

On 2 June 2022, the BCRA has created a foreign exchange availability scheme for service exporters. Individuals who export services are able to dispose of up to ARS12,000 a year in accounts in local financial institutions without the requirement of settlement in pesos. The benefit is extended to companies in the sector, which will have foreign currency available for the payment of wages for a percentage of the increase in foreign sales.²⁹⁸

On 13 June 2022, Minister of Economy Martín Guzmán announced a progressive tax rate on copper exports, which aims to encourage production and exports. The new optional regime will allow the replacement of the current 4.5 per cent rate with a variable rate, ranging from 0 to 8 per cent. In this sense, an optional regime will be established so that new copper investments that wish to replace the fixed rate currently in force (4.5 per cent) can opt for a progressive export duty scheme based on price.²⁹⁹

Argentina has taken strong actions to develop local currency capital markets. The government partly strengthened legal and judicial system by adopting initiative to create a tax structure oriented towards encouraging investment, economic growth, formal employment in the private sector and simplifying access to the forex market for importers. Argentina adopted a set of measures to realign monetary policy instruments in order to continue to support the recovery and improve monetary, exchange rate and financial stability conditions.

Thus, Argentina receives a score of +1.

Analyst: Elena Alekseeva

²⁹⁵ Kulfas announced that \$16.000M will be allocated to strengthen financial inclusion of small enterprises, businesses and MSMEs, Ministry of Productive Development (Buenos Aires) 27 April 2022. Translation provided by DeepL Translate. Access Date: 17 June 2022. <https://www.argentina.gob.ar/noticias/kulfas-anuncio-que-se-destinaran-16000m-para-fortalecer-la-inclusion-financiera-de-pequenos>

²⁹⁶ Agreement with Banco Nación to implement \$18 billion in financing facilities, Ministry of Productive Development (Buenos Aires) 12 May 2022. Translation provided by DeepL Translate. Access Date: 17 June 2022. <https://www.argentina.gob.ar/noticias/acuerdo-con-el-banco-nacion-para-implementar-lineas-de-financiamiento-por-18000-millones>

²⁹⁷ The government announced the Foreign Exchange Access Regime for the hydrocarbon sector to encourage investment and production, Casa Rosada Presidencia (Buenos Aires) 24 May 2022. Translation provided by DeepL Translate. Access Date: 17 June 2022. <https://www.casarsada.gob.ar/slider-principal/48787-el-gobierno-anuncio-el-regimen-de-acceso-a-divisas-para-el-sector-hidrocarburifero-para-favorecer-las-inversiones-y-la-produccion>

²⁹⁸ The BCRA has created a foreign exchange availability scheme for service exporters, BCRA (Buenos Aires) 2 June 2022. Translation provided by DeepL Translate. Access Date: 17 June 2022. <http://www.bkra.gov.ar/Noticias/regimen-disponibilidad-exportadores-de-servicios.asp>

²⁹⁹ The government establishes an optional regime for copper export duties and offers a progressive export duty rate, Ministry of Economy (Buenos Aires) 13 June 2022. Translation provided by DeepL Translate. Access Date: 17 June 2022. <https://www.argentina.gob.ar/noticias/el-gobierno-establece-un-regimen-optativo-para-los-derechos-de-exportacion-de-cobre-y>

Australia: +1

Australia has fully complied with the commitment on developing local currency capital markets.

On 1 December 2021, the government presented a Commonwealth Evaluation Policy and supporting toolkit following the Australian public service reform program. The toolkit is designed as to support better practice evaluation across the policy cycle and thus increase effectiveness of government policy. New instrument does not create any new obligatory requirements regarding the evaluation process.³⁰⁰

On 11 February 2022, the Department of Finance initiated the Commonwealth Risk Management Policy amendment process. The decision came after the review conducted in the second half of 2021. Key Commonwealth entities executives took part in the review and presented a list of five concluding recommendations, namely: 1) draw together risk management requirements, guidance and initiatives; 2) establish a sub-committee of the Chief Operating Officers to conduct persisting risks management on continuous basis across the Commonwealth; 3) form a working group to develop a roadmap to improve risk culture across the Australian Public Service; 4) seek the views of independent advisors to inform the management of risk; 5) simplify the Commonwealth Risk Management Policy language and better define responsibility for managing risk to specifically include requirements for key risk responsibilities.³⁰¹ The amended document is scheduled to be finalized and introduced on 1 July 2022 after a series of public consultations.³⁰²

Australia has taken strong actions to develop local currency capital markets by enhancing regulatory independence and effectiveness.

Thus, Australia receives a score of +1.

Analyst: Alexander Ignatov

Brazil: +1

Brazil has fully complied with the commitment to develop local currency capital markets.

On 7 December 2021, Securities and Exchange Commission (CVM) launched its 2022 Regulatory Agenda, listing regulatory priorities for the year. Three topics were proposed for public hearing (in which market participants and society as a whole participate with suggestions and comments): transfer of custody, review of products destined for retail investors and the concept of qualified investor and specific regulation of the FIAGRO.³⁰³

On 30 December 2021, the new legal framework for the Brazilian foreign exchange market was published in the “Official Gazette” of the Union, which aims to modernize, simplify and consolidate existing legislation. It improves the business environment and reduces bureaucracy in foreign trade operations. It allows new market participants and contributes to greater international use of the real.³⁰⁴

On 18 February 2022, the CVM and the Chartered Financial Analyst Institute signed a memorandum of understanding. The purpose of the document is to record the parties’ intention to explore various areas of

³⁰⁰ Evaluation in the Commonwealth (RMG 130), Australian Government Department of Finance (Canberra) 1 December 2021. Access Date: 6 April 2022. <https://www.finance.gov.au/government/managing-commonwealth-resources/planning-and-reporting/commonwealth-performance-framework/evaluation-commonwealth-rmg-130>

³⁰¹ PGPA Newsletter 76, Australian Government Department of Finance (Canberra) 14 January 2022. Access Date: 6 April 2022. <https://www.finance.gov.au/about-us/newsletters/2022/pgpa-newsletter-76#commonwealth-risk-management-policy-update>

³⁰² Commonwealth Risk Management Policy, Australian Government Department of Finance (Canberra) 11 February 2022. Access Date: 6 April 2022. <https://www.finance.gov.au/government/comcover/commonwealth-risk-management-policy-0>

³⁰³ CVM launches Regulatory Agenda for 2022, Brazilian Government (Brasilia) 7 December 2021. Translation provided by the analyst. Access Date: 4 April 2022. <https://www.gov.br/cvm/pt-br/assuntos/noticias/cvm-lanca-agenda-regulatoria-para-2022>.

³⁰⁴ New legislation modernizes the legal framework of the foreign exchange market and international capital, Brazilian Central Bank (Brasilia) 30 December 2021. Translation provided by the analyst. Access Date: 4 April 2022.

<https://www.bcb.gov.br/detalhenoticia/599/noticia>.

collaboration with a view to producing greater impact in the fields of capital market development and financial literacy.³⁰⁵

On 16 March 2022, President Jair Bolsonaro issued a provisional measure that improves the mechanisms for raising funds by the Brazilian insurance market and the normative framework related to certificates of receivables and securitization operations. The measure will contribute to the development of the capital market and the insurance market in Brazil, allowing the dissipation of risks and greater fundraising, as well as having the potential to diversify the sources of financing through the transfer of certificates of receivables and securitization operations.³⁰⁶

Brazil has taken strong actions to develop local currency capital markets.

Thus, Brazil receives a score of +1.

Analyst: Irina Popova

Canada: +1

Canada has fully complied with the commitment to develop local currency capital markets.

On 14 January 2022, Minister responsible for the Federal Economic Development Agency for Southern Ontario (FedDev Ontario) Helena Jaczek announced a non-repayable contribution of over CAD5.4 million for a collaboration between the National Angel Capital Organization (NACO) and Angel Investors Ontario (AIO) to support entrepreneurs and early-stage businesses and strengthen angel investment in southern Ontario. This collaboration will improve the NACO and the AIO's services and resources for angel groups and investors to increase the amount of capital available to the region's innovative start-up businesses. NACO will provide funding for up to 20 southern Ontario angel groups to support their ability to attract and retain investors. NACO and AIO will also deliver training, workshops and events, aimed at enhancing investment readiness of entrepreneurs.³⁰⁷

On 26 January 2022, 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. With overall economic slack absorbed, the Bank removed its exceptional forward guidance on its policy interest rate. The Bank is continuing its reinvestment phase, keeping its overall holdings of Government of Canada bonds roughly constant.³⁰⁸

Canada has taken strong actions to develop local currency capital markets by improving investment environment.

Thus, Canada receives a score of +1.

Analyst: Nikita Shilikov

China: +1

China has fully complied with the commitment on developing local currency capital markets.

³⁰⁵ CVM and CFA Institute sign letter of intent for collaboration between institutions, Brazilian Government (Brasilia) 18 February 2022. Translation provided by the analyst. Access Date: 4 April 2022. <https://www.gov.br/cvm/pt-br/assuntos/noticias/cvm-e-cfa-institute-assinam-carta-de-intencoes-para-colaboracao-entre-as-instituicoes>.

³⁰⁶ MP improves fundraising mechanisms by the Brazilian insurance market, Brazilian Government (Brasilia) 16 March 2022. Translation provided by the analyst. Access Date: 4 April 2022. <https://www.gov.br/secretariageral/pt-br/noticias/2022/marco/mp-aprimora-mecanismos-de-captacao-de-recursos-pelo-mercado-securitario-brasileiro>.

³⁰⁷ Government of Canada supports start-up businesses across Southern Ontario, Government of Canada (Toronto) 14 January 2022. Access Date: 20 February 2022 <https://www.canada.ca/en/economic-development-southern-ontario/news/2022/01/government-of-canada-supports-start-up-businesses-across-southern-ontario.html>

³⁰⁸ Bank of Canada maintains policy rate, removes exceptional forward guidance, Bank of Canada (Ottawa) 26 January 2022. Access Date: 20 February 2022 <https://www.bankofcanada.ca/2022/01/fad-press-release-2022-01-26/>

On 2 December 2021, Chinese tax authorities temporarily exempted foreign institutions' income from interest payments to hold bonds in the domestic market from corporate income tax and value-added tax from 7 November 2021 to 31 December 2025. The new rules also lifted restrictions on the retention of funds raised by panda bonds (bonds issued by foreign institutions in China).³⁰⁹

China has taken strong actions to develop local currency capital markets.

Thus, China receives a score of +1.

Analyst: Andrey Shelepov

France: +1

France has fully complied with the commitment to develop local currency capital markets.

On 19 January 2022, Minister of Higher Education, Research and Innovation Frédérique Vidal, Minister Delegate in charge of Industry Agnès Pannier-Runacher, Secretary of State for Digital Transition and Electronic Communications Cédric O and Secretary General for Investment Guillaume Boudy detailed the public support strategy for industrial and deep tech start-ups. Resulting from the France 2030 plan, this strategy will remove the obstacles that hinder the emergence, innovation and industrialization of start-ups in France. Since 2017, government policy has made support for industrial and deep tech start-ups a priority. EUR3.25 billion are mobilized between 2021 and 2025 for the ecosystem of start-ups and innovative companies on various mechanisms: innovation competitions, structuring R&D projects, the regionalized PIA or aid counters including deep tech aids. As part of France 2030, an additional EUR2.3 billion has been mobilized to support these start-ups through to industrialization and accelerate the emergence of high-density technology start-ups. This strategy will make it possible to concretize in the coming years the industrialization of the start-ups supported on our territory. This strategy is based on several new systems, operated by Bpifrance, to strengthen the pool of industrial start-ups, finance their industrialization projects, support them in removing the obstacles to their development.³¹⁰

France has taken strong actions to develop local currency capital markets.

Thus, France receives a score of +1.

Analyst: Nikita Shilikon

Germany: +1

Germany has fully complied with the commitment on developing local currency capital markets.

On 10 November 2021, the state-owned KfW development bank launched LAGreen, a new fund for environmentally and climate-friendly investments in Latin America and officially presented it to the public at the climate conference in Glasgow. LAGreen is a structured fund that prepares green bonds in cooperation with local issuers. Green bonds are fixed-interest bonds used by actors in climate finance, such as state and private banks or project developers of renewable energy projects. The bonds are assigned to environmentally friendly projects and are subject to binding and comprehensible criteria that are also monitored. The aim of the new fund is to mobilise private capital for climate-friendly investments and thereby contribute to achieving the Nationally Determined Contributions. A first investment in a green bond of a bank in Costa Rica had already

³⁰⁹ More policies luring investors to bonds, the State Council of the People's Republic of China (Beijing) 4 December 2021. Access Date: 1 April 2022. https://english.www.gov.cn/policies/policywatch/202112/04/content_WS61aacda9c6d0df57f98e6071.html.

³¹⁰ France 2030: the Government presents its public support strategy for industrial and deep tech start-ups, Government of France (Paris) 19 January 2022. Translation provided by Google Translate. Access Date: 20 February 2022 <https://www.gouvernement.fr/france-2030-le-gouvernement-presente-sa-strategie-de-soutien-public-aux-start-ups-industrielles-et>

been made. The bond proceeds will be used to finance a green real estate development project with sustainable use of industrial, office and commercial space.³¹¹

Germany has taken strong actions to develop local currency capital markets.

Thus, Germany receives a score of +1.

Analyst: Andrey Shelepov

India: +1

India has fully complied with the commitment on developing local currency capital markets.

On 12 November 2021, Prime Minister Narendra Modi launched two customer centric initiatives of the Reserve Bank of India (RBI): the RBI Retail Direct Scheme and the Reserve Bank - Integrated Ombudsman Scheme. The RBI Retail Direct Scheme is aimed at enhancing access to government securities market for retail investors. It offers them a new way for directly investing in securities issued by the Government of India and the State Governments. Investors will be able to easily open and maintain their government securities account online with the RBI, free of cost. The Reserve Bank - Integrated Ombudsman Scheme aims to further improve the grievance redress mechanism for resolving customer complaints against entities regulated by RBI. There will be a single point of reference for customers to file their complaints, submit the documents, track status and provide feedback. A multi-lingual toll-free number will provide all relevant information on grievance redress and assistance for filing complaints.³¹²

India has taken strong action to develop local currency capital markets.

Thus, India receives a score of +1.

Analyst: Andrey Shelepov

Indonesia: +1

Indonesia has fully complied with the commitment on macroeconomics.

On 12 November 2021, the Bank Indonesia (BI) reported it was taking steps to strengthen consumer protection by monitoring the conduct of service providers in the payment system, money market and foreign exchange market, cash services as well as other parties under the regulation and supervision of BI. Supervision and oversight are performed directly and/or indirectly concerning the behavior of service providers based on a market conduct approach focusing on the design, compilation and presentation of information, product and/or service offerings and agreements as well as complaint handling and resolution. Supervising the conduct of service providers will complement existing prudential oversight at BI to simultaneously create and maintain financial system stability by safeguarding consumer protection. Strengthening consumer protection by monitoring market conduct will ensure implementation of the seven Consumer Protection Principles by service providers: (i) equity and fair treatment, (ii) disclosure and transparency, (iii) education and literacy, (iv) accountable business conduct, (v) protection of consumer assets against misuse, (vi) protection of consumer data and/or information, and (vii) effective complaint handling and resolution.³¹³

On 17 November 2021, the BI reported issuance of regulations for Bank Indonesia-Fast Payment (BI-FAST) payment system infrastructure operated by Bank Indonesia to facilitate retail payments continuously (24/7) and

³¹¹ Launch of green bonds in Latin America, KfW Development Bank (Berlin) 10 November 2021. Access Date: 1 April 2022. https://www.kfw-entwicklungsbank.de/About-us/News/News-Details_680576.html.

³¹² PM to launch two innovative customer centric initiatives of RBI on 12 November, Indian Prime Minister's Office (New Delhi) 11 November 2021. Access Date: 1 April 2022. <https://pib.gov.in/PressReleaseIframePage.aspx?PRID=1770829>

³¹³ Strengthening Consumer Protection, Bank Indonesia Monitors Conduct of Payment System And Financial Service Providers, BI (Jakarta) 15 November 2021. Access date: 31 March 2022. https://www.bi.go.id/en/publikasi/ruang-media/news-release/Pages/sp_2329821.aspx

in real time for nonbank financial institutions and other parties that meet the predetermined criteria. The regulation includes participant requirements, participant obligations, BI-FAST infrastructure management mechanisms and transaction processing using the BI-FAST system.³¹⁴

On 15-16 December 2021, the BI's Board of Governors meeting was held with a number of important decisions made to maintain exchange rate and financial system stability, while supporting national economic recovery. In particular, it was agreed that (i) monetary policy in 2022 would be oriented towards maintaining stability, while pro-growth macroprudential and payment system policies would focus on driving economic growth together with money market deepening; (ii) rupiah exchange rate policy would be maintained to preserve stability in line with the currency's fundamental value and market mechanisms; (iii) strategy for monetary operations will be further strengthened to reinforce the effectiveness of the accommodative monetary policy stance.³¹⁵

On 21 December 2021, the BI officially launched its BI-FAST payment system as backbone of retail payment system infrastructure moving forward, thus accelerating digitalization of the national economy and finance.³¹⁶

On 24 December 2021, BI's National Working Group on Benchmark Reform released a practical guide on the London Inter-bank Offered Rate (LIBOR) transition for Indonesia market participant in order to support a smooth and orderly transition; the guide consists of background information concerning LIBOR discontinuation, timeline for LIBOR discontinuation, implication on LIBOR transition, as well as preparation guide and LIBOR transition recommendation as a reference for market participant. The LIBOR Transition Guide shall be a valuable information for market participant to address and prepare LIBOR transition, thereby maintaining financial system stability in Indonesia.³¹⁷

On 28 January 2022, Minister of Finance Sri Mulyani, the BI's Governor Perry Warjiyo, Chairman of Financial Services Authority Board of Commissioners Mahendra Siregar and Chairman of Indonesia Deposit Insurance Corporation Board of Commissioners Heru Budiargo agreed joint commitments to strengthen synergy towards maintaining financial system stability and economic recovery momentum at the first Financial System Stability Committee meeting of 2022.³¹⁸

On 1 March 2022, the BI amended the Macroprudential Inclusive Financing Ratio for conventional commercial banks, sharia banks and sharia business units; the amendment was a follow-up action to the Board of Governors Meeting in January 2022 taken to strengthen the accommodative macroprudential policy stance in 2022 by increasing bank loans/financing to the corporate sector, thus reinforcing the national economic recovery and maintaining financial system stability.³¹⁹

On 16-17 March 2022, BI's Board of Governors meeting was held with a number of important decisions made to maintain exchange rate and financial system stability, while supporting national economic recovery. In particular, it was agreed that (i) exchange rate policy would be strengthened to maintain rupiah stability in line with market mechanisms and economic fundamentals, (ii) the availability and distribution of rupiah currency throughout the archipelago will be safeguarded, and (iii) Payment System Providers would be prepared for

³¹⁴ BI Issues Bi-Fast Guidelines, BI (Jakarta) 17 November 2021. Access date: 31 March 2022.

https://www.bi.go.id/en/publikasi/ruang-media/news-release/Pages/sp_2330321.aspx

³¹⁵ BI 7-Day Reverse Repo Rate Held At 3.50%: Synergy Maintaining Stability and Strengthening Recovery, BI (Jakarta) 16 December 2021. Access date: 31 March 2022. https://www.bi.go.id/en/publikasi/ruang-media/news-release/Pages/sp_2333221.aspx

³¹⁶ BI Launches Bank Indonesia Fast Payment, BI (Jakarta) 21 December 2021. Access date: 31 March 2022.

https://www.bi.go.id/en/publikasi/ruang-media/news-release/Pages/sp_2333421.aspx

³¹⁷ National Working Group on Benchmark Reform (NWGBR) Launches Guide to Libor Transition For Market Players, BI (Jakarta) 24 December 2021. Access date: 31 March 2022. https://www.bi.go.id/en/publikasi/ruang-media/news-release/Pages/sp_2333821.aspx

³¹⁸ KSSK Meeting Q4/2021: Synergy Strengthening Economic Recovery and Maintaining Financial System Stability, BI (Jakarta) 2 February 2021. Access date: 31 March 2022. https://www.bi.go.id/en/publikasi/ruang-media/news-release/Pages/sp_243222.aspx

³¹⁹ Bank Indonesia Amends the Macroprudential Inclusive Financing Ratio (RPIM), BI (Jakarta) 1 March 2021. Access date: 31 March 2022. https://www.bi.go.id/en/publikasi/ruang-media/news-release/Pages/sp_246922.aspx

National Open API Payment Standard implementation to support interlinkages between the banking and FinTech industries.³²⁰

Indonesia has taken strong actions to develop local currency capital markets.

Thus, Indonesia receives a score of +1.

Analyst: Pavel Doronin

Italy: -1

Italy has failed to comply with the commitment to develop local currency capital markets.

No information on Italy's steps to develop local currency capital markets made during the monitoring period was registered.

Thus, Italy is awarded a score of -1.³²¹

Analyst: Andrei Sakharov

Japan: +1

Japan has fully complied with the commitment on macroeconomics.

During the compliance period, Bank of Japan (BOJ) has held three Monetary Policy Meetings.

On 17 December 2021, decided that it was appropriate to extend the Special Funds-Supplying Operations to Facilitate Financing in Response to the Novel Coronavirus (COVID-19) by additional six months until September 2022; the decision covers both government-supported and non-government-supported loans to SMEs to provide liquidity. BOJ also decided to continue additional purchases of corporate papers and bonds, through starting from April 2022 the amounts of purchases should decrease gradually to the pre-pandemic levels. Additionally, BOJ decided to apply a negative interest rate of minus 0.1 per cent to the Policy-Rate Balances in current accounts held by financial institutions at the Bank; to purchase a necessary amount of Japan Government Bonds (JGB) without setting an upper limit so that 10-year JGB yields will remain at around zero per cent; to purchase exchange-traded funds (ETFs) and Japan real estate investment trusts (J-REITs) as necessary with upper limits of about JPY12 trillion and about JPY180 billion, respectively, on annual paces of increase in their amounts outstanding; and to purchase corporate papers and corporate bonds with an upper limit on the amount outstanding of about JPY20 trillion in total until the end of March 2022.³²²

On 18 January 2022 and subsequently on 18 March 2022, two meetings of the BOJ concluded with decisions to apply a negative interest rate of minus 0.1 per cent to the Policy-Rate Balances in current accounts held by financial institutions at the Bank; to purchase a necessary amount of Japan Government Bonds without setting an upper limit so that 10-year JGB yields will remain at around zero per cent; to purchase ETFs and J-REITs as necessary with upper limits of about JPY12 trillion and about JPY180 billion, respectively, on annual paces of increase in their amounts outstanding; and to purchase corporate papers and corporate bonds with an upper limit on the amount outstanding of about JPY20 trillion in total until the end of March 2022. BOJ stressed at both meetings that it would continue to maintain stability in financial markets through the Special Program to Support Financing in Response to the COVID-19, an ample provision of yen and foreign currency funds

³²⁰ BI 7-Day Reverse Repo Rate Held At 3.50%: Synergy Maintaining Stability And Strengthening National Economic Recovery, BI (Jakarta) 17 March 2021. Access Date: 31 March 2022. https://www.bi.go.id/en/publikasi/ruang-media/news-release/Pages/sp_248322.aspx

³²¹ This non-compliance was determined after searching the following websites: <https://www.governo.it/en>, <https://www.bancaditalia.it/homepage/index.html?com.dotmarketing.htmlpage.language=1>, <https://senato.it/en/parliamentary-business/parliament>, <https://www.gazzettaufficiale.it>, <https://www.mef.gov.it>, <https://en.camera.it>

³²² Statement on Monetary Policy, BOJ (Tokyo) 17 December 2021. Access Date: 31 March 2022. https://www.boj.or.jp/en/announcements/release_2021/k211217a.pdf

without setting upper limits, and additional easing measures if necessary. It was also noted that from April onward BOJ would purchase these assets at about the same pace as prior to the COVID-19 pandemic, so that their amounts outstanding will gradually return to pre-pandemic levels, namely, at about JPY2 trillion for corporate papers and about JPY3 trillion for corporate bonds.³²³

On 28 February 2022, the Financial Services Agency (FSA) reported that as many as 321 institutional investors had signed up to Japan's Stewardship Code – the Principles for Responsible Institutional Investors.³²⁴

On 15 March 2022, the FSA announced finalization of the amendments to the regulatory notice concerning the “designated International Financial Reporting Standards,” stipulated in the “Regulation for Terminology, Forms and Preparation of Consolidated Financial Statements”; the amendments define the international accounting standards by the International Accounting Standards Board as “designated international accounting standards” to be applied within the Regulation on Consolidated Financial Statements.³²⁵

On 23 March 2022, the FSA and European Commission's Directorate-General for Financial Stability, Financial Services and Capital Markets Union adopted the regulatory cooperation framework adding practical arrangements to the Regulatory Cooperation on Financial Regulation of the Agreement between the European Union and Japan for an Economic Partnership.³²⁶

Japan has taken strong actions to develop local currency capital markets.

Thus, Japan receives a score of +1.

Analyst: Pavel Doronin

Korea: +1

Korea has fully complied with the commitment on macroeconomics.

On 25 February 2022, the local financial regulator presented KRW2 trillion support package designed as to “cushion local businesses from economic woes” arose due to political crisis.³²⁷

On 29 March 2022, the government unveiled details on expecting tax cuts for 2022. The government plans to stabilize inflation and growing prices by means of KRW3.6 trillion tax exemptions and incentives.³²⁸

On 5 April 2022, the government announced its intention to lower fuel taxes as to curb growing prices and inflation.³²⁹

On 30 May 2022, Korea passed the 2023 extra budget concentrated on providing extra fiscal capabilities to facilitate post-COVID 19 economic recovery. The expenditure for 2023 was set on KRW62 trillion that

³²³ Statement on Monetary Policy, BOJ (Tokyo) 18 March 2022. Access Date: 31 March 2022.

https://www.boj.or.jp/en/announcements/release_2022/k220318a.pdf

³²⁴ Stewardship Code: 321 institutional investors have signed up to the Principles for Responsible Institutional Investors as of February 28, 2022, FSA (Tokyo) 28 February 2022. Access Date: 31 March 2022.

<https://www.fsa.go.jp/en/refer/councils/stewardship/20160315.html>

³²⁵ FSA Weekly Review No.482, FSA (Tokyo) 25 March 2022. Access Date: 31 March 2022.

<https://www.fsa.go.jp/en/newsletter/weekly2022/482.html>

³²⁶ FSA and European Commission (DG FISMA) adopted the regulatory cooperation framework established under Annex 8-A of the EU-Japan Economic Partnership Agreement, FSA (Tokyo) 25 March 2022. Access Date: 31 March 2022.

<https://www.fsa.go.jp/en/news/2022/20220325/20220325.html>

³²⁷ Korea to launch W2tr biz support program to counter Russia-Ukraine crisis if needed, Korea Herald (Seoul) 25 February 2022. Access Date: 20 June 2022. <https://www.koreaherald.com/view.php?ud=20220225000498&np=36&mp=4>

³²⁸ S. Korea to offer more tax incentives this year, Korea Herald (Seoul) 29 March 2022. Access Date: 20 June 2022.

<https://www.koreaherald.com/view.php?ud=20220329000233&np=25&mp=3>

³²⁹ S. Korea to expand fuel tax cuts amid surging energy prices, Korea Herald (Sejong) 5 April 2022. Access Date: 20 June 2022.

<https://www.koreaherald.com/view.php?ud=20220405000205&np=22&mp=3>

includes some subsidies for vulnerable population groups suffering from inflation and growing consumer prices. Also, the government announced a series of regulation relaxes on public activities as to foster consumption.³³⁰

On 16 June 2022, the government announced that it would ease regulations and lower tax rates as to promote private-led economic growth. The measure comes as the first of kind enacted by recently inaugurated President Yoon.³³¹

On 19 June 2022, the government presented an emergency policy package designed to contain rising inflation rate. The package includes higher income tax deduction for public transport use and additional fuel tax cuts. These measures are said to provide extra protection against growing oil prices.³³²

On 20 June 2022, the Financial Supervisory Service addressed banks and urged them to increase their loss-absorbing capabilities and take steps to improve foreign liquidity management “amid rising uncertainty.”³³³

Korea takes steps as to stabilize local currency amid foreign shocks and thus increase attractiveness of local currency capital market.

Thus, Korea receives a score of +1.

Analyst: Alexander Ignatov

Mexico: 0

Mexico has partially complied with the commitment to develop local currency capital markets.

On 25 March 2022, the National Banking and Securities Commission of Mexico announced that it works on a secondary regulatory framework focused on corporate governance, technology and care for the environment in order to adapt to the current situation. The Commission seeks to make the authorization processes more transparent and timely for the financial institutions that operate in Mexico.³³⁴

Mexico has only taken weak actions to develop local currency capital markets.

Thus, Mexico receives a score of 0.

Analyst: Irina Popova

Russia: +1

Russia has fully complied with the commitment on macroeconomics.

On 22 March 2022, the Central Bank of Russia launched the “Know Your Client” platform and issued a recommendation to credit institutions to apply for the new service. The platform allows to accelerate information processing regarding potential borrowers’ accounts with a special attention given to risky cases.³³⁵

³³⁰ South Korea’s Largest-Ever Extra Budget Approved by Parliament, Bloomberg (Seoul) 30 May 2022. Access Date: 20 June 2022. <https://www.bloomberg.com/news/articles/2022-05-29/south-korea-s-largest-ever-extra-budget-approved-by-parliament>

³³¹ S. Korea to ease regulations, cut taxes under new economic policy road map, Yonhap News Agency (Seoul) 16 June 2022. Access Date: 20 June 2022. <https://en.yna.co.kr/view/AEN20220616002501320?section=market/economy>

³³² S. Korea to expand fuel tax cuts in emergency step to curb inflation, Yonhap News Agency (Seoul) 19 June 2022. Access Date: 20 June 2022. <https://en.yna.co.kr/view/AEN20220619002151320?section=market/economy>

³³³ FSS chief urges banks to intensify loss-absorbing capabilities, better manage foreign liquidity, Yonhap News Agency (Seoul) 20 June 2022. Access Date: 20 June 2022. <https://en.yna.co.kr/view/AEN20220620003200320?section=market/economy>

³³⁴ CNBV seeks to adapt resolution to technological changes, Milenio (Mexico City) 25 March 2022. Translation provided by the analyst. Access Date: 4 April 2022. <https://www.milenio.com/negocios/cnbv-busca-adaptar-regulacion-cambios-tecnologicos>.

³³⁵ Bank of Russia Starts to Connect Credit Organizations to “Know Your Client” Platform, Central Bank of Russia (Moscow) 22 March 2022. Translation provided by the analyst. Access Date: 10 June 2022. <https://www.cbr.ru/press/event/?id=12770>

On 15 April 2022, the Central Bank issued a recommendation to local banks regarding providing better protection against fraud. The regulator recommended financial operators to suspend suspicious operations and temporary prohibit remote access to bank accounts as to prevent a malefactor's usage of a client's finance.³³⁶

Russia has taken strong actions to develop local currency capital markets.

Thus, Russia receives a score of +1.

Analyst: Alexander Ignatov

Saudi Arabia: +1

Saudi Arabia has fully complied with the commitment on macroeconomics.

On 14 October 2021, the Saudi Arabia's Capital Markets Authority (CMA) had developed an updated version of the Investor Protection Guideline as a complementing step to its strategic initiatives related to enhancing confidence in the capital market; the Guideline:

- Is aimed to protect investors in securities against unfair or improper practices, foster the integrity of the capital market, and develop the necessary procedures to limit the risks related to securities transactions;
- Increases the awareness level of agents of the capital market's institutions through several instructions and advice that accompany investors gradually on their investment journey that is governed by the relation with capital market institution and the most important information that they need throughout this investment relationship that has to be characterized by transparency and confidence among all sides;
- Covers a set of instructions and advice for shareholders in the listed companies, which guarantee framed ties between shareholders and the company, in a way that enhances complementary and fruitful ties between the company and its advisory and supervisory systems and the shareholders;
- Provides details on a number of general instructions for investors willing to subscribe in the collective investment programs "Investment Funds" that are offered and run by the capital market's institutions licensed by the CMA;
- Gives the instructions necessary to warn and alert all current and future investors from dealing with financial institutions and people unlicensed to practice financial investment in the Kingdom of Saudi Arabia.³³⁷

On 10 January 2022, the Saudi Arabia Monetary Authority's (SAMA) General Secretariat of the Committees for Banking and Financial Disputes and Violations announced the launch of the Banking and Financial Disputes Ombudsman Center; the Center aims to put in operation Alternative Dispute Resolution methods to settle disputes arising from banking and financial transactions between licensed financial institutions and their clients; the services for the dispute settlement resolution based on statutory basis and judicial precedents and principles are available online, and allows for the settlement of disputes in a short turnover period with lower costs for disputing parties.³³⁸

On 11 January 2022, it was announced by SAMA that it had updated the rules for practicing debt crowdfunding activities, as part of efforts to develop the finance sector and to keep abreast of recent development in the finance industry; the updated rules aim to redefine the beneficiary to include all commercial establishments registered in the Kingdom of Saudi Arabia that seek to obtain financing through the debt crowdfunding

³³⁶ Bank of Russia to Recommend New Methods to Prevent Frauds, Central Bank of Russia (Moscow) 15 April 2022. Translation provided by the analyst. Access Date: 10 June 2022. <https://www.cbr.ru/press/event/?id=12808>

³³⁷ CMA: Investor protection guideline limits risks related to securities transactions, Saudi Gazette (Riyadh) 14 October 2021. Access Date: 31 March 2022. <https://saudigazette.com.sa/article/612212/SAUDI-ARABIA/CMA-Investor-protection-guideline-limits-risks-related-to-securities-transactions>

³³⁸ General Secretariat of The Committees Launches Banking And Financial Disputes Ombudsman Center, SAMA (Riyadh) 10 January 2022. Access Date: 31 March 2022. <https://www.sama.gov.sa/en-US/News/Pages/news-728.aspx>

platform, and adding the definition of aggregate accounts to ensure complete separation between the funds of the participants in the financing process and the funds of the crowdfunding facility.³³⁹

On 9 March 2022, it was reported that SAMA jointly with the Financial Academy in Riyadh had launched a training program in the field of loss adjustment (including essential principles of insurance and settlement, claim handling, and principles of professional practice) for Saudi employees working in the insurance sector in a bid to prepare national qualified cadres as part of the financial sector development program under Saudi Vision 2030.³⁴⁰

On 13 March 2022, SAMA announced opening a public consultation (via Public Consultations Platform) on the draft principles and rules for the financial consumers' protection, as part of SAMA's on-going efforts to preserve the rights of consumers in getting fair and transparent treatment in financial services, commensurate with global best practices in this regard.³⁴¹

On 21 March 2022, it was reported that SAMA jointly with the Communication and Financial Knowledge Center in the Ministry of Finance of the Kingdom of Saudi Arabia would hold a number of monetary awareness raising events for the Saudi public, in particular youth and children, during the Global Money Week in Riyadh (21-27 March 2022), to enable them make sound financial decisions.³⁴²

Saudi Arabia has taken strong actions to develop local currency capital markets.

Thus, Saudi Arabia receives a score of +1.

Analyst: Pavel Doronin

South Africa: 0

South Africa has partially complied with the commitment on macroeconomics.

On 29 November 2021, the government opened consultations on reviewing the country's monetary policy implementation framework (MPIF). The MPIF provides guidelines for implementing the monetary policy decisions; thus, target inflation rate, repo rate, etc. shall not be amended.³⁴³ The amended MPIF was presented on 26 May 2022.³⁴⁴

On 11 May 2022, the South African Reserve Bank presented a revised schedule for the Basel recommendations Implementation Dates. As because of the COVID-19 pandemic and its consequences, it was decided to delay proposed regulatory reforms such as interest rate risk in the banking book, disclosure requirements, etc. until 2023–2024 and 2028 in some cases.³⁴⁵

³³⁹ Saudi Central Bank Updates Rules For Practicing Debt Crowdfunding Activities, SAMA (Riyadh) 11 January 2022. Access Date: 31 March 2022. <https://www.sama.gov.sa/en-US/News/Pages/news-729.aspx>

³⁴⁰ Saudi Central Bank Launches CILA Diploma Program, SAMA (Riyadh) 9 March 2022. Access Date: 31 March 2022. <https://www.sama.gov.sa/en-US/News/Pages/news-742.aspx>

³⁴¹ Saudi Central Bank Opens Public Consultation On Principles And Rules For Financial Consumers Protection, SAMA (Riyadh) 13 March 2022. Access Date: 31 March 2022. <https://www.sama.gov.sa/en-US/News/Pages/news-744.aspx>

³⁴² Saudi Central Bank Organizes Numerous Awareness Raising Events On The Global Money Week (GMW), SAMA (Riyadh) 13 March 2022. Access Date: 31 March 2022. <https://www.sama.gov.sa/en-US/News/Pages/news-747.aspx>

³⁴³ South African Reserve Bank on reforming South Africa's monetary policy implementation framework, South African Government (Pretoria) 29 November 2021. Access Date: 20 June 2022. <https://www.gov.za/speeches/policy-implementation-framework-29-nov-2021-0000>

³⁴⁴ A new framework for implementing Monetary Policy in South Africa, South African Reserve Bank (Pretoria) 26 May 2022. Access Date: 20 June 2022. <https://www.resbank.co.za/en/home/publications/publication-detail-pages/media-releases/2022/A-new-framework-for-implementing-Monetary-Policy-in-South-Africa>

³⁴⁵ Proposed implementation dates in respect of specified regulatory reforms, South African Reserve Bank (Pretoria) 11 May 2022. Access Date: 20 June 2022. <https://www.resbank.co.za/en/home/publications/publication-detail-pages/prudential-authority/pa-deposit-takers/banks-guidance-notes/2022/G4-2022-Revised-Basel-Implementation-Dates>

South Africa takes actions to improve its monetary policy, but none of the implemented measures could be regarded as strongly contributing local capital market development.

Thus, South Africa receives a score of 0.

Analyst: Alexander Ignatov

Turkey: +1

Turkey has fully complied with the commitment on macroeconomics.

On 11 January 2022, Turkey included corporate foreign currency and gold deposit accounts converted to lira in a scheme that protects local currency savings against exchange rate volatility; the dollars, euros, pounds or gold in corporate deposit accounts as of the end of 2021 may be converted to lira deposits with a maturity of six months to a year to be included under the scheme.³⁴⁶ The measure is intended to support financial stability through providing an incentive to domestic legal persons holding deposits and participation funds in the event that their foreign exchange and gold deposit accounts and participation funds are converted into Turkish lira time deposit accounts at the account holder's request.³⁴⁷

On 27 January 2022, the Central Bank of the Republic of Turkey (CBRT) highlighted that comprehensive review of the policy framework was being conducted with the aim of encouraging permanent liraization in all policy tools of the CBRT, and that the focus of this process will be on developing policy instruments to support the improvement of the Turkish lira deposits, to increase the Turkish lira-denominated assets in the collateral structure of the open market operations funding, to gradually reduce the volume of swaps and to strengthen foreign exchange reserves; it was further added that the CBRT would continue to follow a liraization oriented approach that also addresses risks to financial stability. Additionally, it was noted that the effects of the liquidity and distribution developments of the Turkish lira on deposits and loan pricing, the lagged effects of exchange rate developments on inflation expectations, and the impact of the developments regarding foreign exchange protected deposit products on reverse currency substitution, the depth and stability of the foreign exchange market and price stability are being analyzed and necessary policy measures are being taken.³⁴⁸

On 3 February 2022, Turkey's Capital Markets Board (CMB) had published its Communiqué on the Procedures and Principles on the Issuance of Secured Capital Market Instruments numbered II-31/B.1; the Communiqué regulates the concept of the security agent and its responsibilities, together with the general principles of the issuance of secured capital market instruments. With this new regulation:

- The capital markets instruments to be determined by the CMB will be secured with the assets listed in the communiqué by the CMB;
- It was prohibited to subject these assets to seizure, pledge, provisional attachment and preliminary injunction by setting the framework of these assets;
- Terms of the Security Management Agreement have been determined;

³⁴⁶ Turkey includes corporate deposits under lira protection scheme against FX, Reuters 11 January 2022. Access Date: 31 March 2022. <https://www.reuters.com/markets/rates-bonds/turkey-includes-corporate-deposits-under-lira-protection-scheme-against-fx-2022-01-11/>

³⁴⁷ Press Release on Encouraging Conversion to Turkish Lira Time Deposits, Turkey's Central Bank (Ankara) 11 January 2022. Access Date: 31 March 2022.

<https://www.tcmb.gov.tr/wps/wcm/connect/EN/TCMB+EN/Main+Menu/Announcements/Press+Releases/2022/ANO2022-03>

³⁴⁸ Summary of the Monetary Policy Committee Meeting, CBRT (Ankara) 27 January 2022. Access Date: 31 March 2022.

<https://www.tcmb.gov.tr/wps/wcm/connect/EN/TCMB+EN/Main+Menu/Announcements/Press+Releases/2022/ANO2022-08>

- The security agent was defined as the investment institution having general custody authorisation of the security in accordance with Turkish capital markets legislation and powers and duties of the security agent have been regulated.³⁴⁹

On 15 March 2022, Turkey's stock exchange Borsa Istanbul launched physically delivered government bond futures contracts to be traded on the derivatives market; the underlying assets of the government bond futures contracts will be government debt securities with a maturity of 2023, 2026 and 2030, which have the ability to represent the market and high liquidity within the market making system in government debt securities. The new product will enable the financial sector and institutional investors to manage their interest rate risks more effectively, increase the depth in the debt securities market by ensuring the interaction between the spot/futures market, and create more efficient prices.³⁵⁰

Turkey has taken strong actions to develop local currency capital markets.

Thus, Turkey receives a score of +1.

Analyst: Pavel Doronin

United Kingdom: +1

The United Kingdom has fully complied with the commitment on macroeconomics.

On 3 November 2021, the government announced about backing 477 locally led, innovative projects that “will help breathe new life into towns, villages and coastal communities across the UK” as part of a mission to improve the nation's level and commitment to net zero.³⁵¹

On 3 November 2021, the government announced that more than 30 projects across Northern Ireland would “receive a share of over GBP12 million to help people into work, boost productivity and grow local economies.”³⁵² The government announced “investment of more than GBP173 million directly into communities in Scotland.”³⁵³

On 4 November 2021, the government published the Finance Bill 2021-22 for tax changes which would “deliver a stronger economy for the British people through driving growth, securing public finances and levelling up employment opportunities, crack down on tax avoidance and deliver a simpler tax system.”³⁵⁴

On 11 November 2021, International Trade Secretary Anne-Marie Trevelyan presented the “Clean Growth” programme to “encourage more UK exporters to tap into a sector and boosting green exports and attracting more green investment.”³⁵⁵

³⁴⁹ A New Regulation From The Capital Markets Board, Gen & Temizer Ozer Law Firm (Istanbul) 3 February 2022. Access Date: 31 March 2022. <https://www.gentemizerozzer.com/insights/detail/152/a-new-regulation-from-the-capital-markets-board>

³⁵⁰ Turkey's Borsa Istanbul introduces new contracts, Yeni Şafak (Istanbul) 15 March 2022. Access date: 31 March 2022. <https://www.yenisafak.com/en/economy/turkeys-borsa-istanbul-introduces-new-contracts-3591682>

³⁵¹ £200 million boost to help level up communities across the UK, UK Government (London) 3 November 2021. Access Date: 7 March 2022. <https://www.gov.uk/government/news/200-million-boost-to-help-level-up-communities-across-the-uk>

³⁵² £12 million for skills and local business in Northern Ireland, UK Government (London) 3 November 2021. Access Date: 7 March 2022. <https://www.gov.uk/government/news/12-million-for-skills-and-local-business-in-northern-ireland>

³⁵³ £18 million to help level up communities across Scotland, UK Government (London) 3 November 2021. Access Date: 7 March 2022. <https://www.gov.uk/government/news/18-million-to-help-level-up-communities-across-scotland>

³⁵⁴ Finance Bill 2021-22, UK Government (London) 4 November 2021. Access Date: 7 March 2022. <https://www.gov.uk/government/news/finance-bill-2021-22-published>

³⁵⁵ Trade Secretary steps up export support for clean growth businesses, UK Government (London) 11 November 2021. Access Date: 7 March 2022. <https://www.gov.uk/government/news/trade-secretary-steps-up-export-support-for-clean-growth-businesses>

On 19 November 2021, Teesside Freeport began operations putting the region “at the forefront of green energy, manufacturing, and innovation.” It is estimated that the freeport will create more than 18,000 new highly skilled jobs and generate GBP3.2 billion for the local community over 5 years.”³⁵⁶

On 15 December 2021, HM Treasury has published the “Financial Promotions Order,” which helps small and medium sized enterprises raise finance from sophisticated private investors, without the value of having to conform with the economic promotions’ regime.³⁵⁷

On 10 March 2022, the government has launched a series of loans worth GBP150 million to “support innovative SMEs and level up the UK.” The loans will guide improvements deemed to have the strongest capacity to help destiny economic growth and address social challenges, throughout fields inclusive of net zero, health and wellbeing, and next-generation digital technologies.³⁵⁸

On 28 April 2022, the Department for Business, Energy & Industrial Strategy adopted “New subsidy control system” to regulate business, drive economic growth and prosperity, help level-up across the UK. Moreover, these UK-wide principles will allow public authorities to deliver subsidies where they are needed without facing excessive red tape.³⁵⁹

On 16 June 2022, the Business Finance Council signed off “The SME Finance Charter,” which consists of 5 commitments that provide a framework for finance providers to set out their specific undertaking to small and medium-sized enterprises.³⁶⁰

The United Kingdom has taken strong actions to develop local currency capital markets. The Government has strengthened legal and judicial system by adopting an initiative for tax changes that delivers a stronger economy for the local population through driving growth, securing public finances and levelling up employment opportunities. Also, it has launched series of loans to create highly skilled jobs and to support innovative SMEs.

Thus, United Kingdom receives a score of +1.

Analyst: Elena Alekseeva

United States: -1

The United States has failed to comply with the commitment on developing local currency capital markets.

No evidence of US actions to develop local currency capital markets was found during the compliance period.

Thus, the US receives a score of -1.³⁶¹

Analyst: Andrey Shelepov

³⁵⁶ Teesside Freeport open for business, UK Government (London) 19 November 2021. Access Date: 7 March 2022.

<https://www.gov.uk/government/news/teesside-freeport-open-for-business>

³⁵⁷ Financial promotion exemptions for high-net-worth individuals and sophisticated investors: a consultation, HM Treasury (London) 15 December 2021. Access Date: 17 March 2022. <https://www.gov.uk/government/consultations/financial-promotion-exemptions-for-high-net-worth-individuals-and-sophisticated-investors-a-consultation>

³⁵⁸ Government backs innovative businesses with new £150 million loan scheme, Department for Business, Energy & Industrial Strategy (London) 10 March 2022. Access Date: 17 March 2022. <https://www.gov.uk/government/news/government-backs-innovative-businesses-with-new-150-million-loan-scheme>

³⁵⁹ New subsidy control system will support UK jobs, boost the economy and strengthen the union, Department for Business, Energy & Industrial Strategy (London) 28 April 2022. Access Date: 17 June 2022. <https://www.gov.uk/government/news/new-subsidy-control-system-will-support-uk-jobs-boost-the-economy-and-strengthen-the-union>

³⁶⁰ Government publishes SME Finance Charter’s “five pledges,” Credit Strategy (London) 17 June 2022. Access Date: 22 June 2022. <https://www.creditstrategy.co.uk/latest-news/latest-news/government-publishes-sme-finance-charters-five-pledges>

³⁶¹ This non-compliance was determined after searching the following websites: <https://home.treasury.gov/>, <https://www.sec.gov/>, <https://www.federalreserve.gov/>, <https://www.financialresearch.gov/>, <https://www.bloomberg.com/>

European Union: 0

The European Union has partially complied with the commitment on developing local currency capital markets.

On 11 May 2022 the European Commission proposed a debt-equity bias reduction allowance to help businesses access the financing they need and to become more resilient. This measure will support businesses by introducing an allowance that will grant to equity the same tax treatment as debt. The proposal stipulates that increases in a taxpayer's equity from one tax year to the next will be deductible from its taxable base, similarly to what happens to debt. This initiative is part of the EU strategy on business taxation, which aims to ensure a fair and efficient tax system across the EU, and contributes to the Capital Markets Union, making financing more accessible to EU business and promoting the integration of national capital markets into a genuine single market.³⁶²

On 17 June 2022 the Council of the European Union reached agreement on its position (general approach) on a review of the alternative investment fund managers directive, the legislative framework which governs managers of hedge funds, private equity funds, private debt funds, real estate funds and other so-called alternative investment funds in the Union. This will help to improve the European Capital Markets Union and strengthen investor protection. The Council stresses the importance of consistent harmonisation in the area of liquidity risk management; the Council also supports the creation, as proposed by the European Commission, of an EU framework for loan-originating funds, i.e. funds that provide credit to companies, supplemented with several requirements to alleviate risks for financial stability and to ensure an appropriate level of investor protection.³⁶³

The EU took actions to raise disclosure standards; strengthen legal system for investor protection; give access to public financial and sustainability-related information; ensure more transparency on capital markets; proposing debt-equity bias reduction allowance and harmonisation in the area of liquidity risk management. However, in terms of other commitments in particular of deepening the domestic institutional investor base and pursuing bi-directional opening to international participation the European Union demonstrated lack of compliance.

Thus, the European Union receives a score of 0.

Analyst: Ksenia Dorokhina

³⁶² Corporate taxation: Commission proposes tax incentive for equity to help companies grow, become stronger and more resilient, European Commission (Brussels) 11 May 2022. Access Date: 20 June 2022. https://ec.europa.eu/commission/presscorner/detail/en/ip_22_2884

³⁶³ Proposal for a Directive of the European Parliament and of the Council amending Directives 2011/61/EU and 2009/65/EC as regards delegation arrangements, liquidity risk management, supervisory reporting, provision of depositary and custody services and loan origination by alternative investment funds Interinstitutional File: 2021/0376 (COD), Council of the European Union (Brussels) 17 June 2022. Access Date: 20 June 2022. <https://data.consilium.europa.eu/doc/document/ST-9768-2022-REV-1/en/pdf>