

Supervisory Questionnaire

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Introduction

The Supervisory Questionnaire (the Questionnaire) was developed by the Mapping Task Force to collect information on supervisors' objectives and approaches. The continuing work of the Joint Forum and experience gained in using the Questionnaire may result in changes to enhance its coverage, make it a more useful tool in better understanding supervisors' objectives and practices, and in facilitating arrangements for the exchange of information relating to financial conglomerates. The Matrix included at the end can be used to capture responses to the questions.

The Questionnaire should be completed, to the extent that the conglomerates are involved in each sector, by each of the banking, securities and insurance supervisory agencies in those countries where the conglomerate has a significant presence. This will permit a comprehensive matching of supervisory structures to the conglomerates' business structures and the identification of areas where specific attention or measures are needed.

I. STATED PURPOSE AND OBJECTIVES OF SUPERVISION

II. LEGAL AUTHORITY

- A. Scope of licensing or registration authority/ability to grant, restricts or revoke license/registration**
 - 1. Factors considered in granting, restricting or revoking license/registration (e.g., capital adequacy, organisational structure, management)
 - 2. Conditions under which authority/ability is used or not used

B. Changes in financial institution powers/structure

1. Source of authority by type of institution (e.g., bank, securities and insurance institutions, affiliates of regulated entities)
2. Necessity of obtaining supervisor's approval for new activities
3. Necessity of obtaining supervisor's approval to invest in subsidiaries or associated companies
4. Necessity of obtaining supervisor's approval for change of ownership/control

C. Authority to compel reports/information from institutions, from external auditors, from third parties

1. Type of entity/source
2. Scope, including affiliates of the regulated entity

D. Authority to share information

1. Other supervisors or regulators
 - a. Banking, securities and insurance supervisors
 - b. Domestic vs. foreign
2. Law enforcement
3. Monetary authorities
4. Other third parties
5. Obligations of professional secrecy

E. Authority to make on-site visits

1. Type of entity
2. Scope of review
3. Frequency requirements
4. Affiliates of regulated entity

F. Statutory/regulatory authority to take enforcement or remedial action

1. Publicly disclosed
2. Undisclosed/non-public

3. Authority to enforce other regulators/supervisors laws
4. Authority of supervisor to stop activities of financial institution
5. Responsibility to refer matters to other regulators
6. Conditions under which authority is used or not used

G. Obligation/authority to promulgate prudential standards

H. Obligation/authority to promulgate financial integrity standards

III. METHODS OF ASSESSING FINANCIAL CONDITION

A. Monitoring/Surveillance

1. Routine reporting to supervisor
 - (a) Reporting institutions (e.g. regulated entity only or consolidated reporting)
 - (b) Coverage of reports (e.g., financial statements, intercompany funding)
 - (c) Frequency of reports
 - (d) Public availability of routine reporting
2. Types of monitoring/surveillance reports produced
 - (a) Institutions covered by monitoring/surveillance and method of selection (e.g., regulated entity alone or including affiliates of regulated entity)
 - (b) Types of analysis used to analyse reporting information (e.g., ratio analysis, predictive models)
 - (c) Frequency of monitoring/surveillance reports
 - (d) Types of follow up (e.g., meeting with management, targeted inspections)
 - (e) Access to monitoring/surveillance reports and analyses (e.g., public report, confidential report)
3. Non-routine reporting to supervisor

B. On-site inspections

1. Basic information
 - (a) Types of financial institutions covered (and not covered) by on-site inspections and method of selection (e.g., bank, securities and insurance institutions, affiliates of regulated entity)

- (b) Frequency of on-site inspections of institutions (and individual domestic and foreign entities)
 - (c) Qualifications of personnel conducting on-site inspections (e.g., commissioned examiners, auditors, market specialists, self-regulatory organisations)
 - (d) Aspects of condition and compliance reviewed during on-site inspections (e.g., capital, earnings, risk management, intercompany transactions)
 - (e) Scope of work on risk management (e.g., credit risk, market risk, liquidity risk, settlement risk, underwriting, claims and reserving risks, asset risk, operational risk, support functions risk, compliance with laws and regulations, internal audit)
 - (f) Process and procedures used to evaluate components of inspections (e.g., meetings with management, interviews with line personnel, transaction testing, review of risk management and valuation models)
2. Product of on-site inspections
- (a) Type of reports (e.g., letter to management, full report for board of directors)
 - (b) Access to reports (e.g., public report, confidential report)
- C. External auditors/self-regulatory organisations ("SROs")**
- 1. Supervisor's ability to establish scope of the audit or review
 - 2. Statutory obligation of auditor/SRO to supervisor
 - 3. Access to reports
 - (a) Supervisors
 - (b) Others

IV. TOOLS OF SUPERVISION

- A. Prudential regulations (e.g., lending limits, capital adequacy) and scope of application (e.g., regulated entity alone or consolidated entity)**
- B. Supervisory guidance (e.g., risk management guidelines, sales practices guidelines, inspection manuals)**

V. OTHER MECHANISMS TO ENHANCE SOUND PRACTICES (supervisor encouraged or purely private mechanisms)

- A. Codes of conduct**
- B. Industry advisory groups**
- C. Other**

VI. INFORMATION FLOWS AMONG SUPERVISORS

A. On-going, regular flow of information among supervisors

- 1. Banking, securities and insurance supervisors
- 2. Domestic and foreign supervisors
- 3. Types of information
- 4. Frequency of information flows

B. Flow of information under non-normal conditions

- 1. Banking, securities and insurance supervisors
- 2. Domestic and foreign supervisors
- 3. Types of information
- 4. Frequency of information flows