Supervisory Standard No. 5

INTERNATIONAL ASSOCIATION OF INSURANCE SUPERVISORS

SUPERVISORY STANDARD ON GROUP COORDINATION

October 2000

Supervisory Standard on Group Coordination
Report from the IAIS Technical Committee

Contents

1. Background

1. Internationally operating financial groups (including insurance groups) are important and indispensable participants in financial markets worldwide. Prudential supervisors need to address prudential issues arising from the activities of international financial groups.

2. The IAIS has issued several papers setting out principles, standards and guidance notes relating to the supervision of insurers and insurance groups, including: 'Principles Applicable to the Supervision of International Insurers and Insurance Groups and Their Cross-Border Establishments' (approved Sydney, September 1997).[1]

3. Given the importance and complexity of international financial groups, the IAIS seeks to extend its work on international insurance groups and other international financial groups which are significantly involved in insurance activities.[2]

4. The Technical Committees of the IAIS and IOSCO and the Basel Committee have endorsed the Joint Forum Principles papers dealing with supervision of international financial conglomerates (February 1999).[3] That guidance is intended primarily for the supervisors of diversified financial firms with complex organisational and management structures whose activities cross national borders

---

[1] Cf. IAIS, Insurance Principles, Standards and Guidance Papers, Basel 1998, pp 11-17. A revised paper is sent out for consultation by the IAIS Technical Committee (summer of 1999).

[2] By 'significant' is meant such a degree of insurance activities that seen from an insurance policy holders' perspective the role of insurance supervision is indispensable.

[3] Joint Forum Coordinator Paper in: Joint Forum, Supervision of Financial Conglomerates, Basel 1999, pp. 111-119.

and sectoral boundaries. The Technical Committee of IAIS has decided to build upon the principles relating to coordination and information-sharing between supervisors with respect to international insurance groups and other international financial groups which are significantly involved in insurance activities. Although this paper is directed primarily to insurance supervisors, other supervisors may benefit from the application of principles and processes hereinafter set out.

2. Introduction and Preliminaries

5. There are a number of different kinds of financial groups, ranging from national homogeneous groups to international heterogeneous financial conglomerates.

6. Insurance and other financial groups embody financial institutions involved in both retail and wholesale markets. Governments recognise the need for, and have facilitated, the establishment of systems of prudential regulation of the financial sector for several reasons, including a well functioning and stable economy and the protection of consumers.

7. In recent years, the financial markets in many countries of the world have experienced a substantial concentration process that has led to the emergence of larger and more complex financial groups. The reach of many such groups crosses national borders.

8. Coordination issues between supervisors/regulators in home and host countries were addressed by the IAIS in: 'Principles Applicable to the Supervision of International Insurers and Insurance Groups and Their Cross-Border Establishments'.[4] However, the prominence of international financial groups with significant insurance activities raises additional supervisory questions. In particular:

a. Does the traditional solo-supervision of separate licensed financial institutions (operating in groups) need to be supplemented with a form of group wide prudential supervision, and, if so, in what way?

b. Should a global coordination take place of the activities of the various supervisors involved with a specific financial group, and if so, in what way?

9. The answers will depend on several factors, such as the degree of internationalisation, the extent of heterogeneity, the legal and management structure of the group and the regulatory framework in place. For example, for an insurance group with the main company in one country and a handful of subsidiaries in various other countries the response is likely to be negative. On the other hand, for an international financial group with extensive insurance operations and regulated entities in several countries responses are likely to be positive.

10. This paper pertains to international insurance groups and other international financial groups which are significantly involved in insurance activities where a kind of group comprehensive

[4] See note 1.

supervision may usefully supplement the solo-supervision of the licensed entities. It addresses the coordination of supervisory activities with respect to the regulated entities within such groups.

11. The IAIS recognises that member countries have legal and supervisory structures which need to be taken into account in developing and modelling coordination and information sharing arrangements based on the standards enumerated in section V. This also applies to the endorsed IAIS Principles and Joint Forum Principles. The standards should not hamper supervisory authorities in finding adequate and effective solutions for specific situations and for new unforeseen developments. The standards should be applied with the flexibility that prudential practice demands.

12. Cooperation between supervisors implies the exchange of prudential information in a fruitful and efficient process. It therefore is appropriate to refer to the IAIS document 'A Model Memorandum of Understanding'.[5] Furthermore, the importance of a satisfactory regulation of the secrecy of exchanged prudential information has been underlined earlier by the IAIS.[6]

13. Although cooperation between supervisors is indispensable in emergency cases, coordination arrangements and procedures of information exchange should be discussed and a process agreed to before problems emerge. The discussion of coordination arrangements and ongoing contacts between supervisors will create a climate of trust and provide a foundation that will facilitate coordination during emergency situations.

3. Definitions

Financial institution refers to a legal entity which is predominantly involved in financial activities.

Licensed financial institution refers to a financial institution which has received a permit from a regulator or a supervisor to do specific financial business as defined by that particular licence (e.g. life assurance, non-life insurance, banking etc.).

Insurer (insurance company) refers to a licensed legal entity which underwrites (direct) insurance.

Financial group refers to an economic group structure of which the constituent entities are predominantly involved in (licensed) financial activities.

Insurance group refers to a financial group that consists of two or more insurers (and possibly other non-licensed entities).[7,8]

---

[5] See IAIS, Insurance principles Standards and Guidance Papers, Basel 1998, pp. 71-80.

[6] See e.g. the IAIS publication in note 1, paragraphs 18 and 19. See also Joint Forum on Financial Conglomerates, Principles for Supervisory Information Sharing paper, Basel 1999, pp. 100-107.

[7] This was already the definition of the Tripartite Group, which was subsequently adopted by the Joint Forum.

[8] The use of more than the three already mentioned financial sectors, e.g. investment funds, building societies or pension funds, requires a more general and wider definition of a financial conglomerate.

Financial conglomerate is defined as any group of companies under common control whose exclusive or predominant activities consist of providing significant services in at least two different financial sectors (banking, securities, insurance). ,

International financial conglomerate refers to a financial conglomerate with regulated entities located in different countries.

Homogeneous financial group means an economic group,[9] consisting of (predominantly) financial licensed entities which essentially have the same sectoral character, e.g. a group consisting of life and/or non-life insurance companies.

Heterogeneous financial group means an economic group with a mixed character, consisting of different financial entities, such as banks, insurance companies, securities houses, investment firms, pension funds, etc.

(Small) Coordination committee refers to a (small) group of supervisors which are responsible for the development and the implementation of a coordination arrangement for a specific group.

Key-coordinator (lead supervisor) is the supervisor who is responsible for the coordination of the group comprehensive supervisory arrangement for a specific group.

Solo supervision refers to the supervision of a licensed financial entity by the supervisor in the jurisdiction where the licensed financial entity is incorporated, whereby the supervised entity is treated as a 'stand-alone' entity. The solvency requirements are applied on a stand-alone basis.

Group wide supervision refers to a supervisory approach to a financial group which considers the group structure, the constituent licensed entities and all the interrelationships within that financial group.[10]

Consolidated supervision refers to a supervisory group approach that focuses on the total of individual (licensed or not) entities of the entire group, consolidated at the level of the top holding company. In this case the solvency requirements are applied to the overall net financial position of the group as a whole.

Solo-plus supervision[11] refers to a supervisory group approach that combines the solo supervision applied to all licensed financial entities with an, in general, mainly qualitative assessment of the group as a whole, by considering all the group relations that could have an impact on the financial position of the individual licensed entities, with special attention to capital adequacy, large exposures, intra-group transactions and positions etc. In this case the solvency requirements are applied to all relevant

[9] An economic group is defined as a cohering complex of companies under (almost) common governance. A financial group is an economic group with predominantly financial activities.

[10] Solo plus supervision on the one hand and consolidated supervision on the other hand may be viewed as the most well-known existing approaches within this general definition.

[11] Consolidated supervision of a sub-group may of course be an element of solo-plus supervision of the whole group.

entities, taking into account group-induced corrections, and - as a general check – also on an aggregated basis to the group as a whole.

Group comprehensive supervision refers to a supervisory approach which fully considers the constituent entities of a financial group, the substance of the interrelationships within the group, both at the solo level and appropriate (sub) levels of aggregation, and the group as a total.

4. Current Coordination Principles

14. The coordination principles endorsed by the IAIS constitute a starting point for the formulation of coordination standards, in particular, the relevant principles from the IAIS Insurance Concordat[12] and the Joint Forum's Coordinator Principles.

15. The IAIS Insurance Concordat includes the following principles which are relevant to the exchange of information and coordination between supervisors:

Insurance Concordat Principle 1:
"No foreign insurance establishment should escape from supervision."

Insurance Concordat Principle 2:
"All insurance establishments of international insurance groups and international insurers should be subject to effective supervision."

16. The Joint Forum's *Coordinator Paper*[13] contains the following principles:

Joint Forum Coordinator Principle 1:
"Arrangements between supervisors relating to the coordination process should provide for certain information to be available in emergency and non-emergency situations."

Joint Forum Coordinator Principle 2:
"The decision to appoint a coordinator and the identification of a coordinator should be at the discretion of the supervisors involved with the conglomerate."

Joint Forum Coordinator Principle 3:
"Supervisors should have the discretion to agree amongst themselves the role and responsibilities of a coordinator in emergency and non-emergency situations."

Joint Forum Coordinator Principle 4:
"Arrangements for information flows between the coordinator and other supervisors and for

[12] Cf. IAIS, *Principles Applicable to the Supervision of International Insurers and Insurance Groups and their Cross-Border Establishments,* Basel 1998, p.13. See also footnote 1. In the redrafted version of this IAIS Insurance Concordat both principles remain unchanged.

[13] Joint Forum *Coordinator Paper* in: Joint Forum, *Supervision of Financial Conglomerates,* Basel 1999, pp. 111-119.

any other form of coordination in emergency and non-emergency situations should be clarified in advance where possible."

Joint Forum Coordinator Principle 5:
"Supervisors' ability to carry out their supervisory responsibilities should not be constrained by reason of a coordinator being identified and a coordinator assuming certain responsibilities."

Joint Forum Coordinator Principle 6:
"The identification of a coordinator and the determination of responsibilities for a coordinator should be predicated on the expectation that those responsibilities would enable supervisors to better carry out the supervision of regulated entities within financial conglomerates."

Joint Forum Coordinator Principle 7:
"The identification and assumption of responsibilities by a coordinator should not create a perception that responsibility has shifted to the coordinator."

5. Coordination Standards

17. The following Coordination Standards are intended to facilitate the development of coordination and information sharing arrangements between supervisors of international insurance groups and other international financial groups which are significantly involved in insurance activities.

Coordination Standard 1:

There should be coordination arrangements between solo supervisors of insurers within an international insurance group and other international financial groups which are significantly involved in insurance activities, that will contribute to the comprehensive oversight of such groups.

18. Supervisors should assess whether coordination arrangements should be put in place for individual international insurance groups and other international financial groups which are significantly involved in insurance activities. More complexity means a greater need for a comprehensive supervisory approach, and thus for a coordination arrangement. Such assessments should take into account the characteristics of the groups, the legislative frameworks applicable, and the statutory objectives and authorities of the various supervisors involved.

19. The creation of a coordination arrangement for a specific international insurance group and other international financial groups which are significantly involved in insurance activities should provide added value in terms of prudential supervision of the group. The arrangement should also enhance the quality of the surveillance of the separate licensed entities of the group, without infringing on the responsibilities of the solo supervisors of the licensed entities in the countries where the group

is active. Any moral hazard effect stemming from the creation of a coordination arrangement should be offset by improvements to the comprehensive supervision of the group under review.

Coordination Standard 2:

A primary supervisor has the responsibility of initiating discussions to examine with the most involved supervisors the benefits of developing suitable coordination arrangements.

20. There is no need for a restrictive definition of such a primary supervisor or another apparent initiator. Several possibilities may exist, mainly depending on the specific characteristics of the concrete financial group. As examples can be mentioned e.g. the supervisor of the (licensed) top holding company, the supervisor of an important licensed entity in the jurisdiction in which the (non-licensed) top holding company is domiciled, or a supervisor in one of the most important jurisdictions in respect of the activities of the group.

21. One way for supervisors to enhance their understanding of the structure and operations of an insurance group is by conducting a mapping exercise of the group. The Joint Forum developed the Conglomerate Questionnaire for this purpose.

22. Similarly, the Joint Forum developed the Supervisory Questionnaire to aid supervisors in understanding each other's objectives and supervisory approaches. (Both documents are available on the IAIS website.)

23. Having gained an appreciation of the objectives and approaches of the other supervisors, the initiating primary supervisor, together with the other most involved supervisors, should decide whether a coordination arrangement would be beneficial and, if so, develop such an agreement.

Coordination Standard 3:

Coordination arrangements should identify the key-coordinator or a small coordination committee and the main responsibilities and procedures for the key-coordinator or coordination committee.

24. In most instances the key coordinator would be the primary supervisor. However, there may be circumstances where it would be appropriate or desirable to select another supervisor as key-coordinator or to establish a coordination committee. The Joint Forum Coordinator paper provides possible bases to assist in identifying a Coordinator for a financial conglomerate and those bases may be helpful in the case of an insurance group.

Coordination Standard 4:

Coordination agreements should include procedures for information flows between supervisors on an ongoing basis and in emergency situations, for communication with the top holding company in the group, for convening periodic meetings of the most involved supervisors and for the conduct of a comprehensive assessment of the group under review.

25. The Joint Forum Coordinator paper catalogues elements of coordination and the Framework for Supervisory Information Sharing paper outlines types of information that would be useful in an emergency situation. This paper is a good starting point to consider in the elaboration of coordination arrangements for an insurance group.

26. Various types of coordination models can be used.[14] The key-coordinator should be more than an information manager. In a more group wide approach the key-coordinator(s) would responsible for performing an overall assessment task.

27. This may include an assessment of the transparency of the group structure, fitness and propriety of the top-management, capital adequacy, internal administrative and accounting systems, internal and external auditing procedures, large intra-group transactions and exposures, and the group risk profile including large external exposures.

Coordination Standard 5:

An unrestricted exchange of prudential information (the secrecy of which should be efficaciously safeguarded between the involved jurisdictions) between involved supervisors, in emergency situations and on an ongoing basis, is a prerequisite for the development of effective coordination agreements with respect to international insurance groups and other international financial groups which are significantly involved in insurance activities.

28. In order to be able to participate in such internationally needed coordination arrangements supervisors must be able to exchange prudential information between each other. Any existing impediment to the free flow of necessary and relevant data (including qualitative knowledge such as fit and proper assessments) should be removed. In doing so, the guaranteed secrecy of received prudential information by other supervisors should under no circumstances be violated.[15]

29. Supervisors should develop a protocol with an international insurance group and other international financial groups which are significantly involved in insurance activities for obtaining factual information, possibly involving consultations with representatives of the group under review. This does not preclude the possibility that supervisors may (already) exchange information in case there are regulatory concerns before communication with the specific group.

[14] See for interesting elements of such models Annex 1 of the Joint Forum's Coordinator Paper (p. 111).
[15] With the possibility that the secrecy may to some extent be lifted in case of subpoena procedures.

30. The IAIS will be developing additional guidance on the supervision of these groups in the future, in conjunction with the work done by IOSCO, the Basel Committee on Banking Supervision, and in particular with the Joint Forum.

Appendix 1 Joint Forum Coordinator Paper

Objective

1. Given the goal of improving cooperation through information-sharing, the objective is to provide to supervisors guidance for the possible identification of a coordinator or coordinators and a catalogue of elements of coordination from which supervisors can select the role and responsibilities of a coordinator or coordinators in emergency and non-emergency situations.

Background

2. As financial conglomerates are comprised of legal entities subject to the oversight of two or more supervisors, there is a greater need for supervisors to cooperate on a cross-border and cross-sector basis. Communication and information-sharing are the sine qua non of cooperation. This paper sets out principles for that cooperation and communication between and among supervisors with respect to, primarily, internationally active financial conglomerates.

3. In this context, it may be beneficial to designate one of the supervisors involved (the "coordinator") to facilitate information-sharing efforts in a timely and efficient manner. In many cases, the coordinator will be the supervisor that carries out consolidated supervision or which is responsible for the largest part of the conglomerate.

4. Among the factors that come into play in determining whether to appoint a coordinator and, if so, in defining the role and responsibilities of the coordinator are the legal framework, statutory authorities of individual supervisors and accountabilities to legislative and other bodies, the capabilities and resources of individual supervisors, the supervisory techniques and remedial actions employed by supervisors, the ability of supervisors to share information cross-sectorally and cross-border, the business activities, risk profile and structure of the conglomerates, and the availability of information from the conglomerate to individual supervisors. The differences in such factors preclude the elaboration of a single role and a single set of responsibilities for the coordinator. Rather those differences argue for developing a catalogue of elements of coordination that supervisors could turn to in defining the role and responsibilities for the coordinator, depending on the circumstances.

5. This catalogue would include different forms of information-sharing. Supervisors could make use of this catalogue to define the role of the coordinator in emergency and non-emergency circumstances. Examples of possible roles that could be developed from the catalogue would include coordinating the exchange of information in emergencies, making group-wide assessments in emergency and non-emergency circumstances, and coordinating supervisory activities among the directly concerned supervisors. In certain circumstances, it may be appropriate not to appoint a coordinator. (For the purpose of this paper, an emergency would include, among other things, any

event, regardless of geographic origination, that would likely have a material adverse effect on the solvency or liquidity of financial conglomerates).

Factors affecting the choice of options

6. Objectives and approaches, often determined by responsibilities and authorities under national law, vary among the various supervisors involved in the oversight of regulated entities which are part of financial conglomerates. These divergences in objectives and approaches have implications as to informational and other needs of the different supervisors and will affect whether a coordinator is necessary for a particular group, the choice of a coordinator and the role and responsibilities that coordinator may have. For example, in a situation where a regulated entity in a group is subject to significant structural or supervisory firewalls that insulate the entity from the affairs of other entities in the group and is not a material entity in that group, the informational and other needs of that entity's supervisor with respect to other entities may be less than or different from those of another more significant regulated entity that is more closely integrated into the operations of other entities in the group.

7. Differences in the organisational structure of groups also have implications as to informational and other needs of the various supervisors involved. For example, in a group whose legal, business line and managerial structures diverge significantly, the supervisors of the various entities may be more interested in information about related entities and about the location and functioning of relevant controls than supervisors of entities in a more traditional group whose business activities, management and controls are organised more along the lines of the legal entities. Likewise where a group is headed by a regulated entity and that entity is subject to consolidated supervision, the needs of a subsidiary's supervisor for information about significant parts of the whole group may be different from needs of the supervisor of a subsidiary in another group that is headed by an unregulated holding company and whose regulated entities are subjected to solo supervision only. Accordingly, the role and responsibilities of the coordinator will likely be different in each case.

8. The choice of roles and responsibilities of a coordinator will also be influenced by the need to balance the benefits of improved coordination against the risks of creating (or appearing to create) a new level of supervisory oversight or an extension of a governmental safety net to additional entities, regulated and unregulated, within a conglomerate. Adding (or appearing to add) a layer of oversight or extending (or appearing to extend) a safety net can undermine market discipline, increase regulatory burden or increase moral hazard. In some jurisdictions, the desire to avoid these risks will be stronger than in others and will tend to result in a different role for the coordinator.

9. Recognition must also be given to the practical constraints facing a coordinator and these issues must be resolved before a coordinator is appointed and its role defined. For example, the choice of a coordinator and the definition of its role will be influenced by the capabilities and the extent of resources of the supervisors involved. In addition, there is a limit to the number of supervisors with which the coordinator can be in effective contact. Judgements will also need to be made on the scope and nature of the information to be shared. While flows of information from various supervisors to the coordinator should be relatively unimpeded, there may be circumstances

which affect the timing and comprehensiveness of information the coordinator shares with other supevisors, e.g. a delay may be necessary when a solution to a serious problem is in the sensitive stages or negotiation or when informing supervisors needs to be coordinated with the conglomerate's public disclosure obligations. Similarly, in an emergency, any proposed arrangements established for a coordinator cannot in any way interfere with the actions that need to be taken by relevant authorities to address the emergency. Therefore, any arrangements would necessarily have to be flexible to allow for adjustments to given circumstances.

Guiding Principles

10. The following principles provide guidance to supervisors of regulated entities in financial conglomerates in deciding on the need for and identification of a coordinator and on the role and responsibilities of such coordinator so identified.

1. **Arrangements between supervisors relating to the coordination process should provide for certain information to be available in emergency and non-emergency situations.**

11. Solo supervisors should identify the types of information needed for them to fully and efficiently discharge their supervisory responsibilities in respect of regulated entities residing in financial conglomerates. In emergencies, this would assist the information flow necessary for supervisors to assess the impact of the emergency on the entity subject to their oversight and to facilitate regulatory action, if necessary.

2. **The decision to appoint a coordinator and the identification of a coordinator should be at the discretion of the supervisors involved with the conglomerate.**

12. A single coordinator is considered generally preferable to multiple coordinators. However, there may be circumstances where it may be appropriate to share the responsibility for coordination, and more than one coordinator could be identified.

13. In most instances, it would be apparent which supervisor would act as a coordinator. In those cases where it is not apparent, the supervisors involved should decide amongst themselves who would be best suited to act in that capacity. Possible bases have been elaborated to provide some guidance in identifying a coordinator and are attached (Annex 2).

14. Information sharing in emergency situations will normally be easier if a coordinator has been identified previously since it will avoid burdening the resolution efforts by consultations on the identity and role of the coordinator. However, the circumstances of particular emergencies may require different coordinating mechanisms, including a different coordinator than the one previously identified.

3. **Supervisors should have the discretion to agree amongst themselves the role and responsibilities of a coordinator in emergency and non-emergency situations.**

15. Supervisors should establish amongst themselves the role and responsibilities of the coordinator. A catalogue of possible elements of those roles and responsibilities have been set out in Annex 1.

16. The coordinator should be expected to take the initiative in shaping the role of the coordinator and communicate its preferred approach to other relevant supervisors for their reaction.

4. **Arrangements for information flows between the coordinator and other supervisors and for any other form of coordination in emergency and non-emergency situations should be clarified in advance where possible.**

17. In order to facilitate the coordinator's activities, it would be beneficial for supervisors to agree to arrangements for providing and receiving information, the nature of information to be provided by supervisors to the coordinator and vice versa and under what circumstances, and for other supervisory coordination in light of the legal and organisational circumstances of both the conglomerate and the supervisors involved. Such arrangements should specify the tasks to be performed by the coordinator in terms of information gathering from regulated entities, unregulated entities where permitted by law or the conglomerate, from the various supervisors involved or from a combination of those sources. In emergency situations, arrangements made in advance may require modifications to take into account the unique properties of the emergency.

5. **Supervisors' ability to carry out their supervisory responsibilities should not be constrained by reason of a coordinator being identified and a coordinator assuming certain responsibilities.**

18. Solo supervisors are subject to legislative requirements and national accountabilities which may influence the timing and nature of their actions, constrain their ability to act in particular circumstances and dictate specific supervisory responses to events and developments. The identification of a coordinator does not alter these legislative requirements and national accountabilities nor does it relieve solo supervisor's lawful responsibility to take whatever actions are necessary or consult with any other party in resolving financial problems or crises.

6. **The identification of a coordinator and the determination of responsibilities for a coordinator should be predicated on the expectation that those responsibilities would enable supervisors to better carry out the supervision of regulated entities within financial conglomerates.**

19. There may be circumstances where a coordinator's role would be played by the supervisor carrying out consolidated supervision, so that little change would arise form the appointment of a coordinator.

20. There may be circumstances where a coordinator would not provide any added value in terms of efficiency in the supervision of regulated entities within a group. In such circumstances where other means of cooperation are assessed to be adequate by the supervisors involved, there would not be any reason to identify a coordinator.

21. Each component of the coordinator's role should be subjected to periodic critical review by the relevant supervisors to ensure that the component adds value in terms of enhanced supervision of regulated entities within a group. As the financial conglomerate's structure and activities change and as the legal and supervisory structure evolves, the need for and the role and responsibilities of the coordinator should be re-assessed.

7. The identification and assumption of responsibilities by a coordinator should not create a perception that responsibility has shifted to the coordinator.

22. It is recognised that the identification of a coordinator and the agreement between supervisors as to its role and responsibilities does not remove from the various supervisors involved their obligations under national legislation. Supervisors should avoid communications with the regulated entities or with other entities in the group which could give the impression to the group or to the market that the coordinator has assumed legal responsibility where this is in fact not the case.

ANNEX 1

Catalogue of Possible Elements of Coordination

Information Sharing **	Group-wide assessment**	Supervisory activities**
Adverse information is communicated by supervisors to the coordinator.	Availability of information on group-wide structure, financial condition, key group-wide exposures and intra-group exposures is ascertained periodically by coordinator.	Planned supervisory activities by supervisors is communicated to coordinator.
All relevant information is communicated by supervisors to the coordinator.	Key information on group-wide structure, "large" group –wide exposures, intra-group transactions and financial condition is maintained by the coordinator.	Planned supervisory activities by the coordinator and other supervisors are exchanged.
Coordinator stands ready to answer all inquiries from other supervisors.	Key information on group-wide structure etc. is provided to relevant supervisors if they wish to make a group-wide assessment.	Avoidance of overlap in supervisory activities through bilateral discussions of the coordinator and other supervisors.
Coordinator receives information from a variety of sources and provides key information to relevant supervisors if a problem appears to be emerging.	Coordinator makes an assessment of key areas (e.g. large exposures, financial condition and intra-group exposures) and addresses any issues with regulated entities in the conglomerate.	Participation of the coordinator in on-site visits or examinations of an institution's foreign activities where legal and appropriate.
Coordinator receives information from a variety of sources and provides key information to relevant supervisors.	Coordinator makes an assessment of key areas (e.g. large exposures, financial condition and intra-group exposures) and communicates potential problems to relevant supervisors.	Coordination of planned supervisory activities and supervisory actions when a serious problem arises crossing jurisdictional lines.
Coordinator facilitates extensive information flows under certain circumstances, e.g. emergencies.	Coordinator makes group-wide assessment and discusses observations with relevant supervisors.	Coordinated reviews or examinations of a business line crossing several legal entities, or a global risk management or control function.

*** Elements in one category are not linked in any way to the elements in other categories.*

ANNEX 2

Possible Bases to Assist in Identifying a Coordinator

The following are examples of approaches that supervisors may take in selecting a coordinator.

- Where the conglomerate is headed by a supervised bank, securities firm or insurance company, the supervisor of that parent entity, in normal circumstances, should be the Coordinator.

- Where the conglomerate is headed by a supervised bank, securities firm or insurance company but there is a dominant regulated entity in the conglomerate, for example, in terms of balance sheet assets, revenues or solvency requirements, an option would be for the supervisor of the dominant entity to be the Coordinator.

- Where the conglomerate is headed by a supervised holding company, the supervisor of the holding company, in normal circumstances, should be the Coordinator.

- Where the conglomerate is headed by a supervised holding company but there is a dominant regulated entity in the conglomerate, for example, in terms of balance sheet assets, revenues or solvency requirements, an option would be for the supervisor of the dominant entity to be the Coordinator.

- Where the conglomerate is headed by an unsupervised holding company, an option would be for the supervisor of the dominant regulated entity in the conglomerate, for example, in terms of balance sheet assets, revenues or solvency requirements, to be the Coordinator.