



PRA Regulatory Digest

1-31 December 2015

This digest is for people interested in the UK financial services industry and highlights key regulatory news and publications delivered for the month. Readers are encouraged to continue to visit the Bank of England website throughout the month, '[subscribe to alerts](#)' and visit the [calendar](#) for upcoming news and publications.

Contents

News

[Banking publications and updates](#)

[Insurance publications and updates](#)

[Cross-cutting publications](#)

[Also in the month](#)

Top news and publications

- The Bank's approach to setting a minimum requirement for own funds and eligible liabilities (MREL)
- The minimum requirement for own funds and eligible liabilities (MREL) – buffers and Threshold Conditions – CP44/15
- Ensuring operational continuity in resolution – CP38/15 UPDATE
- PRA grants Solvency II internal model approvals

News

- 11 December 2015 [Consultation Paper: The Bank's approach to setting a minimum requirement for own funds and eligible liabilities \(MREL\)](#)
As announced in the 'Framework of capital requirements for UK banks' published on 1 December 2015, the Bank of England launched a consultation on its approach to setting a minimum requirement for own funds and eligible liabilities (MREL) for all UK banks, building societies and certain investment firms.
- 5 December 2015 [PRA grants Solvency II internal model approvals](#)
The Prudential Regulation Authority (PRA) published a list of 19 insurers whose full or partial internal models have been approved for use under Solvency II from 1 January 2016.

Banking publications and updates

- 21 December 2015 [Pillar 2: Update to reporting data items and instructions – CP45/15](#)
In this consultation paper, the PRA sets out proposed changes to data items FSA071 to FSA082 ('Pillar 2 data items') and to the Pillar 2 reporting instructions. This consultation is relevant to banks, building societies and PRA-designated firms ('firms') and closes on Monday 18 January 2016.
- 18 December 2015 [CRD IV update: Interim LCR reporting: updated notes for submissions and re-submissions December 2015 onwards](#)
- 16 December 2015 [Strengthening individual accountability in banking: UK branches of non-EEA banks – PS29/15](#)
This policy statement sets out the PRA's final rules on the application of the Senior Managers and Certification regimes (SM&CR) to UK branches of non-EEA banks and PRA-designated investment firms (non-EEA branches). This policy statement also includes Supervisory Statement 28/15 'Strengthening individual accountability in banking'.
- 15 December 2015 [CRD IV update: PRA disclosed the 2015 list of UK headquartered Global Systemically Important Institutions \(G-SIIs\) and their respective sub-categories](#)
- 11 December 2015 [The minimum requirement for own funds and eligible liabilities \(MREL\) – buffers and Threshold Conditions – CP44/15](#)
In this consultation paper the PRA sets out its proposals regarding the relationship between MREL and regulatory buffers. The CP also sets out the PRA's proposals regarding the relationship between MREL and the PRA's Threshold Conditions, which provide the minimum requirements that firms must meet in order to be permitted to carry on the regulated activities in which they engage. This consultation is relevant to all PRA-regulated banks, building societies and PRA-designated investment firms. It closes on Friday 11 March 2016. Alongside this CP, the Bank of England is consulting on its approach to setting MREL in line with relevant legislation.
[Ensuring operational continuity in resolution – CP38/15 UPDATE](#)
The PRA published an addendum to CP38/15 'Ensuring operational continuity in resolution'. This addendum clarifies the scope of application of the PRA's proposals in CP38/15, published in October 2015. This is relevant to banks, building societies and PRA-authorized investment firms. It is also likely to be of interest to policymakers and practitioners involved in the resolution of failed firms. The consultation period for CP38/15 and this addendum closes on Friday 11 March 2016.
[Credit unions update on the use of third parties for internal audit services](#)

- 7 December 2015 [Implementing a UK leverage ratio framework – PS27/15](#)
This policy statement provides feedback to responses to CP24/15 'Implementing a UK leverage ratio framework'. This policy statement is relevant to PRA-regulated banks and building societies with retail deposits equal to or greater than £50 billion on an individual or a consolidated basis. It includes final rules, one updated and two new supervisory statements and templates for data items FSA083 and FSA084.

For further information on CRD IV visit the [CRD IV updates webpage](#).

Insurance publications and updates

- 22 December 2015 [Senior Insurance Managers Regime \(SIMR\) Q&A](#)
The PRA published answers to questions received from industry participants on the application of the new Senior Insurance Managers Regime (SIMR) to Solvency II insurers.
- 18 December 2015 [Solvency II update: Basis of preparation for look through approach for Collective Investment Undertakings – Template S.06.03](#)
- 11 December 2015 [Solvency II update: European Commission Solvency II Implementing Technical Standards](#)
- 1 December 2015 [Solvency II update: Financial Conduct Authority reminder email regarding the 8 February 2016 deadline for submitting the Form K grandfathering notification forms.](#)
[Letter to small non-Solvency II insurance firms](#)

For further information on Solvency II visit the [Solvency II updates webpage](#).

Cross-cutting publications

- 31 December 2015 [Information on waivers and modifications under the Financial Groups Directive](#)
Information on waivers and modifications under the Financial Groups Directive previously in GENPRU 3.1 (in particular GENPRU 3.1.13), and the form and explanatory notes on identifying a financial conglomerate in GENPRU 3 Annex 3 has been moved to the [waivers and modifications of rules webpage](#).
- 17 December 2015 [Financial Services \(Banking Reform\) Act 2013 \(Commencement No. 9\) \(Amendment\) Order 2015](#)
HM Treasury published The Financial Services (Banking Reform) Act 2013 (Commencement No. 9) (Amendment) Order 2015 ('amended commencement order').
- 16 December 2015 [Amendments to Various Forms – PS30/15](#)
In September 2015 the PRA and the Financial Conduct Authority consulted on proposed amendments to a series of forms used by firms and individuals when seeking regulatory approval for certain roles and transactions. The proposed amendments were set out in PRA CP35/15 'Amendments to various forms'. This policy statement summarises the feedback received during the consultation and confirms the final policy and forms. This PS is relevant to all PRA and FCA-authorized firms and individual candidates for approval as Approved Persons, Key Function Holders, Credit Union non-executive directors and notified non-executive directors.

Also in the month

- 18 December 2015 [Staff Working Paper No. 572: Capital requirements, risk shifting and the mortgage market - Arzu Uluc and Tomasz Wieladek](#)
- 15 December 2015 [Quarterly Bulletin 2015 Q4](#) - includes articles on 'The PRA's secondary competition objective' and 'Bonus regulation: aligning reward with risk in the banking sector'
[Treasury Select Committee – HBOS Report](#)
- 2 December 2015 [Policy priorities for prudential regulation and supervision - speech by Chris Moulder](#)
- 1 December 2015 [Financial Stability Paper No. 35: Measuring the macroeconomic costs and benefits of higher UK bank capital requirements - Martin Brooke, Oliver Bush, Robert Edwards, Jas Ellis, Bill Francis, Rashmi Harimohan, Katharine Neiss and Caspar Sievert](#)
[Financial Stability Report, December 2015](#)
[Systemic Risk Survey Results – 2015 H2](#)

Readers may also find it useful to refer to other [Bank publications](#) and [speeches by Bank officials](#).

European and international developments

Readers are also referred to the websites for the [European Banking Authority](#), [European Insurance and Occupational Pensions Authority](#), [Basel Committee on Banking Supervision](#), [International Association of Insurance Supervisors](#), and [Financial Stability Board](#).

Contact us

Send your comments on the Regulatory Digest to [PRA Communications](#).

For regular updates follow us on Twitter: [@bankofengland](#).

Find all PRA Regulatory Digests on the [Bank of England website](#).