

Minutes

Wholesale Distribution Steering Group (WDSG)

20 January 2020

Location: **Bank of England, Threadneedle St, London EC2R 8AH (Room 1X)**

Attendees: **Bank of England:** Sarah John (Chair), Martin Etheridge, Mark McLintock, Ronan McClintock, Menaha Yogendra, Kevin Finan

UK Finance: Russell Saunders, Eric Leenders, Philip Mind

Barclays: Tim Allen (by phone)

Lloyds Banking Group: Otto Benz

HSBC: Sue Yarham

Virgin Money UK: Derek Walker (Alternate, by phone)

Royal Bank of Scotland: Richard Talbot

Santander: Robert White (by phone)

Post Office: Russell Hancock (by phone)

HM Treasury: Derek Dunne (Alternate)

KPMG: Simon Walker, Oliver Kirby-Johnson

Apologies: Kevin McMullan (Danske Bank), Mario Pisani (HMT), John Garrett (First Trust Bank), Julie Fitzgibbon (Bank of Ireland)

Item

1. Standing agenda items

- **December 2019 minutes:**

The group agreed the December 2019 minutes, and approved their publication.

- **Sharing information on stakeholder engagement:**

No updates were noted.

2. Project Progress

KPMG provided a progress report on their work plan for developing the future cash distribution model. The following points were covered:

1. On behalf of ISG, KPMG has assessed 3 organisational models for a utility against the WDSG success criteria;
2. A proposed set of counterfactual scenarios has been presented to ISG to determine the industry business case for progressing to a utility model;
3. The ISG will run a number of sprint workshops in February 2020 to provide further analysis and refinements to the model.

3. Operating Model

Members noted the KPMG analysis on behalf of the ISG. Members were content to proceed with further analysis of the two models which include consolidated asset ownership. This was on the basis that the analysis showed these models were best able to meet the success criteria.

Members agreed a set of further analysis to help differentiate between the remaining models.

The Chair noted the importance of members representing the views of their organisations to UK Finance / KPMG where necessary for these to be addressed as part of the forthcoming sprint workshops.

4. Counterfactual

Members noted the good progress on the counterfactual scenarios, which would provide a range of scenarios against which to examine the case for moving towards a utility structure.

The group agreed that a sensitivity analysis should also be undertaken on the assumptions used in the models as it was not feasible to identify all possible counterfactuals.

5. Next Steps

KPMG continue to liaise with the underwriters on the transition plan, they anticipate having a detailed blueprint by mid-February. Additionally, KPMG are also developing/refining the industry business case.

6. AOB

Actions were reviewed and closed where applicable.