

Policy Statement | PS3/16

Pillar 2: Update to reporting data items and instructions

January 2016



BANK OF ENGLAND
PRUDENTIAL REGULATION
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This policy statement contains the amended rules and updated supervisory statement for Pillar 2 capital policy.

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1 Introduction

1.1 This Policy Statement (PS) follows Consultation Paper 45/15 ('the CP')¹ and sets out changes to the Pillar 2 data items (FSA071 to FSA082) and reporting instructions. It is relevant to banks, building societies and PRA-designated firms ('firms').

1.2 It includes amendments to the Reporting Pillar 2 Part of the PRA Rulebook and an updated version of Supervisory Statement (SS) 32/15.² The amended rules will come into force on Friday 5 February 2016.

2 Amendments

2.1 The PRA is required by the Financial Services and Markets Act 2000 to have regard to any representations made to the proposals in its consultations, and to publish an account, in general terms, of those representations and its response to them.

2.2 As the PRA received no responses to the consultation, the changes being made are predominantly in line with the CP proposals.

Pillar 2 data items

2.3 The PRA includes a 'General information' header in all Pillar 2 data items. Firms are required to indicate the:

- basis of their reporting – unconsolidated, solo consolidation, UK consolidation group or capital sub-group;
- submission number – firms should enter '1' and increase this number by '1' in case of resubmission;
- unique 'firm reference number' (FRN);
- name of the firm;
- reporting period start and end dates – these dates should coincide with the Internal Capital Adequacy Assessment Process (ICAAP) period. In particular, the reporting end date is the balance sheet end date used for purposes of the ICAAP assessment; and
- reporting currency – firms should report in the currency of their ICAAP, ie Pounds Sterling (GBP), US Dollars (USD), Euros (EUR), Canadian Dollars (CAD), Swiss Francs (CHF), Japanese Yen (JPY) or Swedish Krona (SEK).

2.4 In addition, the PRA expects firms to submit data items FSA071, FSA076, FSA077, FSA078, FSA079, FSA081 and FSA082 in an XML format. Firms may choose between the following methods for generating the XML:

- Method 1: a firm can automate the outputting of data from its own system by requesting an XSD file from its line supervisor; or

1 CP45/15 'Pillar 2: Update to reporting data items and instructions', December 2015: www.bankofengland.co.uk/pr/Pages/publications/cp/2015/cp4515.aspx.

2 SS32/15 'Pillar 2 reporting, including instructions for completing data items FSA071 to FSA082', January 2016 update: www.bankofengland.co.uk/pr/Pages/publications/ss/2016/ss3215update.aspx.

- Method 2: if a firm wishes to output the data manually, it should use the updated data items proposed in the CP. Once completed, the firm should right click any of the cells in the template and select 'XML' > 'Export'. Alternatively, the firm can click on the 'Export to XML' tab on the ribbon, and select 'Export' to export an XML file;

2.5 The PRA also makes the following changes in data item:

- FSA071, instead of reporting total Individual Capital Guidance (ICG) as a percentage of Pillar 1, firms should report their total ICG as a percentage of Pillar 1 risk-weighted assets (RWAs); and
- FSA079, for geographic international concentration risk, the PRA replaces 'Euro area' by 'European (west) area', which is in line with the Statement of Policy 'The PRA's methodologies for setting Pillar 2 capital'.¹

Reporting instructions

2.6 The PRA has updated SS32/15 with the expectation that, unless specified otherwise, firms report numerical data in absolute values rounded to the nearest whole number in the reporting currency, rather than in millions.

2.7 Where values correspond to percentages, these should be entered as decimal numbers up to 2 decimal places. For example, '70.00%'.

2.8 Comment boxes in data items FSA071, FSA076, FSA077, FSA078, FSA079, FSA081 and FSA082 are limited to 255 characters. Any additional information should be sent to the PRA via electronic means.

2.9 Finally, in the instructions to data item:

- FSA078, the PRA replaces 'Euro area' by 'European (west) area' and indicates that 'Eastern Europe and Central Asia' include the Russian Federation; and
- FSA081, the PRA specifies that 'effective date' coincides with the 'reporting period end date'. The PRA also indicates that, in the column 'Total' of this data item, firms should report information at the entire firm level, without breaking it down into the individual defined benefit schemes.

2.10 In addition to the changes proposed in the CP, the PRA clarifies that in data item FSA081, firms should:

- enter negative values for the data elements 'Asset PV01' and 'Liability PV01', and positive values for 'Asset IE01' and 'Liability IE01'; and
- report the Macauley durations as decimal numbers up to 2 decimal places.

¹ July 2015; www.bankofengland.co.uk/pr/p2methodologies.aspx.

Appendices

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- 1** PRA Rulebook CRR Firms: Reporting Pillar 2 Amendment no. 1 – Instrument 2016 available at www.bankofengland.co.uk/pr/Pages/publications/ps/2016/ps316.aspx
 - 2** Update to SS32/15: Pillar 2 reporting, including instructions for completing data items FSA071 to FSA082 available at www.bankofengland.co.uk/pr/Pages/publications/ss/2016/ss3215update.aspx.
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