



PRA Regulatory Digest

1-31 December 2014

This digest is for people working 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.

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Top news and publications

- The Bank announces results of UK stress test
- The Bank announces measures to bolster transparency and accountability
- SS11/14 'CRD IV: compliance with the European Banking Authority's Guidelines on disclosure of encumbered and unencumbered assets' published
- CP28/14 'Strengthening accountability in banking: forms, consequential and transitional aspects' published

News

16 December

[Bank of England announces results of UK stress test](#)

The Bank of England announced the results of the first concurrent stress testing exercise of the UK banking system. Following on from the EU-wide stress test, the 2014 UK stress test of the eight major UK banks and building societies was designed specifically to assess their resilience to a very severe housing market shock and to a sharp rise or snap back in interest rates.

Mark Carney, Governor of the Bank of England, said:

"The stress test completes our capital framework by informing judgments about the appropriate size of capital buffers for individual firms and for the system as a whole. It is a major component of both our macro- and micro-prudential regimes. As a joint exercise between the PRA and FPC, it demonstrates the major synergies possible across the Bank of England. This was a demanding test. The results show that the core of the banking system is significantly more resilient, that it has the strength to continue to serve the real economy even in a severe stress, and that the growing confidence in the system is merited."

11 December

[Bank of England announces measures to bolster transparency and accountability](#)

The Bank of England published an independent report by former Federal Reserve Board Governor Kevin Warsh, following his review of the Monetary Policy Committee's (MPC) transparency practices and procedures. The Bank also announced a series of significant transparency, accountability and governance enhancements designed to put the Bank at the forefront of international best practice and enhance its ability to fulfil its mission to promote the good of the people of the United Kingdom by maintaining monetary and financial stability.

In announcing the measures, the Governor said:

"The Bank now has immense responsibilities for monetary stability, financial stability and for microprudential regulation. And with these responsibilities comes the need for effective transparency, genuine accountability and robust governance. Today I am pleased to announce the most significant set of changes to how we present and explain our interest rate decisions since the Monetary Policy Committee was formed in 1997. Alongside those measures, we have also proposed a number of additional changes that will mark a step change in the governance of this institution. These changes will enhance our transparency and make us more accountable to the British people."

9 December

[PRA / FCA Mortgage Lenders and Administrators Statistics published](#)

The Bank of England and Financial Conduct Authority (FCA) published the latest Mortgage Lenders and Administrators Statistics for the United Kingdom covering the period Q3 2014.

Banking publications and updates

19 December

[CRD IV: compliance with the European Banking Authority's Guidelines on disclosure of encumbered and unencumbered assets - SS11/14](#)

This supervisory statement sets out the PRA's expectations relating to firms' compliance with the European Banking Authority's Guidelines on disclosure of encumbered and unencumbered assets

(the EBA Guidelines) published on 27 June 2014.

[Strengthening accountability in banking: forms, consequential and transitional aspects – CP28/14](#)

This joint PRA and Financial Conduct Authority (FCA) consultation paper follows CP14/14 'Strengthening accountability in banking: a new regulatory framework for individuals', which was published in July 2014 and proposed a new accountability framework for individuals working for UK banks, building societies, credit unions and PRA-designated investment firms ('relevant firms'). The PRA also issued an update in relation to the PRA / FCA joint consultation on proposals for UK branches of overseas firms (see [CP14/14 webpage](#)).

- 12 December [CRD IV](#) – PRA published updates on i) intraday liquidity data reporting and ii) two reporting clarifications to be applied by firms for reporting from 2015 Q1.
[SS17/13 Credit risk mitigation](#) – supervisory statement update regarding the netting of liabilities that may be subject to bail-in.
- 5 December [SS6/14 Implementing CRD IV: capital buffers](#) - supervisory statement updated to reflect the coming into force of two EU regulations and EBA guidelines.
- 3 December [CP13/14 Implementing the Bank Recovery and Resolution Directive](#) – update on plans for publication of final rules in January 2015.
- For further information on CRD IV visit the [CRD IV updates webpage](#).

Insurance publications and updates

- 19 December [Solvency II regulatory reporting](#) - PRA published reporting schedules for Solvency II-affected firms with non-December year ends.
[Update letter from the PRA's Insurance Directors for all Solvency II-affected firms](#).
- 12 December [Solvency II feedback on May 2014 SRI data collection exercise for general insurance firms](#).
- 1 December [Stress testing](#) – PRA's response to European Insurance and Occupational Pensions Authority's announcement of the EU-wide insurance stress test 2014.
For further information on Solvency II visit the [Solvency II updates webpage](#).

Wider Bank publications

- 16 December [Financial Stability Report](#)
The Financial Policy Committee's assessment of the outlook for the stability and resilience of the financial sector at the time of preparation of the *Report*, and the policy actions it advises to reduce and mitigate risks to stability.
[Systemic Risk Survey Results - 2014 H2](#)
The Systemic Risk Survey is conducted by the Bank of England on a biannual basis to quantify and track market participants' views of risks to, and their confidence in, the UK financial system. This report presents the results of the 2014 H2 survey, which was conducted between 22 September and 22 October.
- 8 December [Quarterly Bulletin 2014 Q4](#)
Articles featured include 'Why is the UK banking system so big and is that a problem?' and 'The interaction of the FPC and the MPC'.
Readers may also find it useful to refer to other [Bank publications](#) and [speeches by Bank officials](#).

Also in December

- 4 December [Changes in insurance regulation globally and how we should ensure the changes are appropriate and proportionate - speech by Andrew Bailey](#)

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](#).

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