



## PRA Regulatory Digest

1-28 February 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

- PRA sets out how it will hold senior managers accountable for failure to meet its requirements
- Solvency II: applying EIOPA's Set 1 Guidelines to PRA- authorised firms - CP5/15
- Engagement between external auditors and supervisors and commencing the PRA's disciplinary powers over external auditors and actuaries – CP8/15

### News

23 February

[Prudential Regulation Authority sets out how it will hold senior managers accountable for failure to meet its requirements](#)

The Prudential Regulation Authority (PRA) set out how it will hold senior managers in banks, building societies and designated investment firms to account if they do not take reasonable steps to prevent or stop breaches of regulatory requirements in their areas of responsibility.

Andrew Bailey, Deputy Governor, Prudential Regulation, Bank of England and CEO of the PRA said "Senior managers will be held individually accountable if the areas they are responsible for fail to meet our requirements. Our new accountability regime will hold all senior managers, including non-executive directors, to a clear standard of behaviour and we will take action where they fail to meet this."

### Banking publications and updates

27 February

[CRD IV update of list of UK headquartered Global Systemically Important Institutions \(G-SIIs\)](#) - in accordance with Article 131 of the Capital Requirements Directive (Directive 2013/36/EU), the PRA here disclosed the 2014 list of UK headquartered Global Systemically Important Institutions (G-SIIs) and their respective subcategories. The PRA also disclosed the applicable scores and G-SII buffers.

13 February

[Fee for late regulatory return update](#) - the PRA confirmed that an administrative fee of £250 will be levied to firms that are late reporting a regulatory return. SUP 16.3.14R will continue to be postponed for late CRD IV returns (COREP and FINREP), pending a public consultation by the PRA on the rule (currently expected in April 2015).

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

### Insurance publications and updates

20 February

[Solvency II: recognition of deferred tax – SS2/14 UPDATE](#) - an amendment to supervisory statement SS2/14 - Solvency II: recognition of deferred tax. This is relevant to all insurance firms within the scope of the Solvency II Directive.

[Letter from Paul Fisher - Solvency II: equity release mortgages](#) - a letter from Paul Fisher, Executive Director of Insurance Supervision. The letter clarifies the PRA's expectations of firms planning to re-structure their equity release mortgage portfolios in order to meet the matching adjustment eligibility criteria.

19 February

[Solvency II: applying EIOPA's Set 1 Guidelines to PRA-authorized firms - CP5/15](#)

The European Insurance and Occupational Pensions Authority (EIOPA) published the Set 1 Solvency II Guidelines on 2 February 2015. It is the PRA's responsibility to make every effort to comply with EIOPA Guidelines and its intention is to comply with all the Set 1 Guidelines. The PRA will, therefore, be taking full account of the Guidelines in its ongoing supervision of the new Solvency II regulatory framework. This consultation paper includes a draft supervisory statement which is relevant to all UK firms within the scope of Solvency II and to the Society of Lloyd's. The statement sets out the PRA's expectations of firms in relation to the EIOPA Set 1 Guidelines.

- 12 February [PRA Solvency II: Insurance Directors' update letter](#)
- 10 February [PRA Solvency II: Further clarification on balance sheet, technical provisions and own funds review](#) - the PRA published further clarification on its approach to the review of the Solvency II balance sheet, technical provisions and own funds. This followed a publication on the same topics on 16 October 2014. Both updates are available on the page dedicated to '[Other Pillar 1' aspects](#) of Solvency II.

---

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

### Cross-cutting publications

- 27 February [Engagement between external auditors and supervisors and commencing the PRA's disciplinary powers over external auditors and actuaries – CP8/15](#)
- This consultation paper introduces two proposals on the interaction between the PRA and external auditors and actuaries.
- 23 February [Whistleblowing in deposit-takers, PRA-designated investment firms and insurers – CP6/15](#)
- In response to the recommendation made by the Parliamentary Commission on Banking Standards (PCBS), the PRA and Financial Conduct Authority (FCA) propose a package of measures which seek to formalise firms' whistleblowing procedures. These proposals aim to move towards a more consistent approach, building on existing good practice in firms. They aim to ensure that all employees are encouraged to blow the whistle where they suspect misconduct, confident that their concerns will be considered and that there will be no personal repercussions.
- [Approach to non-executive directors in banking and Solvency II firms & Application of the presumption of responsibility to Senior Managers in banking firms – CP7/15](#)
- This consultation sets out the PRA's and FCA's revised approach to non-executive directors in UK banks, building societies, credit unions and PRA-designated investment firms (collectively relevant authorised persons) and Solvency II firms.

---

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

### Also in the month

- 13 February [Financial Stability Paper 32: Estimating the extent of the 'too big to fail' problem – a review of existing approaches](#)

### 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 Firm Communications](#).  
For regular updates follow us on Twitter: [@bankofengland](#).  
Find all PRA Regulatory Digests on the [Bank of England website](#).