



PRA Regulatory Digest

1-31 March 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.

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Top news and publications

- Solvency II: A new regime for insurers - PS2/15
- Strengthening individual accountability in banking and insurance – responses to CP14/14 and CP26/14 - PS3/15
- The Bank publishes details of 2015 stress test for largest UK banks and building societies

News

- 31 March 2015 [Iain Cornish, non-executive member of the PRA Board, steps down](#)
Iain Cornish has announced he is stepping down from the PRA Board with immediate effect to take up a new position outside the PRA. A process for finding a replacement on the Board will begin immediately.
- 30 March 2015 [Bank of England publishes details of 2015 stress test for largest UK banks and building societies](#)
The Bank of England published the scenario for the 2015 stress test, which will be applied to the largest UK banks and building societies. The scenario has been agreed by the Financial Policy Committee (FPC) and PRA Board.
- 28 March 2015 [Prudential Regulation Authority provides feedback on Solvency II matching adjustment pre-application process](#)
The PRA has now concluded the pre-application process for the Solvency II matching adjustment and provided feedback to help firms with their formal applications.

Banking publications and updates

- 31 March [Andrew Bailey letter: Information relating to the Lloyds Banking Group Enhanced Capital Notes and stress testing](#)
- 17 March [Andrew Bailey letter: Further information relating to the Lloyds Banking Group Enhanced Capital Notes and stress testing](#)
- 16 March 2015 [Strengthening accountability in banking: UK branches of foreign banks – CP9/15](#)
This consultation sets out the PRA's and FCA's proposals for extending and, where appropriate, tailoring the Senior Managers Regime, Certification Regime and Conduct Rules to UK branches of overseas banks and PRA designated investment firms ('incoming branches'). This consultation is relevant to banks, building societies, credit unions and PRA-designated investment firms, in particular overseas banks and designated investment firms operating in the UK through a branch. The consultation closes on 25 May 2015.
- 10 March 2015 [CRD IV: updates for credit risk mitigation, credit risk, governance and market risk - CP12/14 update](#)
The PRA announced that it would not take forward at this time proposals to amend SS11/13 'Credit risk - Internal ratings based (IRB) approaches' on which it consulted in CP12/14 'CRD IV: updates for credit risk mitigation, credit risk, governance and market risk'. The announcement and a link to the BCBS announcement are available via the above link.
[Mortgage Lenders and Administrators statistics - 2014 Q4](#)
The mortgage lenders and administrators (MLAR) statistics are quarterly statistics aggregated from the returns from around 300 regulated mortgage lenders and administrators, providing data on their mortgage lending activities.
For further information on CRD IV visit the [CRD IV updates webpage](#).

Insurance publications and updates

- 31 March 2015 [Solvency II: treatment of sovereign debt in internal models - CP14/15](#)
This consultation paper seeks feedback on a draft supervisory statement which sets out the PRA expectations of firms in relation to the treatment of sovereign debt in internal models. The consultation is relevant to all UK Solvency II firms and to Lloyd's and closes on 1 May 2015.
- 28 March 2015 [Paul Fisher letter: Solvency II: feedback on firms' matching adjustment pre-application submissions](#)
- 27 March 2015 [Changes to the Approved Persons Regime for Solvency II firms: forms, consequential changes and transitional arrangements - CP13/15](#)
In this consultation paper, the PRA and the FCA are providing further detail on the implementation of the proposals set out in previous consultations. The consultation closes on 15 May 2015.
[Senior Insurance Managers Regime: a streamlined approach for non-Solvency II firms - CP12/15](#)
This consultation paper seeks feedback on draft rules that set out how the PRA intends to apply the Senior Insurance Managers Regime in a streamlined manner to firms outside of the scope of Solvency II. The consultation closes on 15 May 2015.
- 25 March 2015 [ABI webcast with Paul Fisher - In conversation with the PRA](#)
- 20 March 2015 [Solvency II: A new regime for insurers - PS2/15](#)
This policy statement publishes the rules and 17 accompanying supervisory statements required for the PRA's implementation of the Solvency II Directive. The rules and supervisory statements were proposed in five consultation papers during 2014/15. Feedback to these consultation papers is provided in the policy statement. The policy statement is relevant to all UK Solvency II firms and to Lloyd's. The sections which relate to with-profits will also be relevant to non-Directive firms that write with-profits business in the UK.
[Solvency II: supervisory approval for the volatility adjustment - CP11/15](#)
This consultation paper seeks feedback on a draft supervisory statement that sets out the PRA's expectation of firms in relation to supervisory approval for the volatility adjustment. The statement is relevant to all UK Solvency II firms and Lloyd's and closes on 20 April 2015.
- 13 March 2015 [Andrew Bulley and Chris Moulder letter: PRA Solvency II: Insurance Directors' update letter](#)
- 9 March 2015 [Paul Fisher letter: Solvency II: internal model and matching adjustment update](#)
For further information on Solvency II visit the [Solvency II updates webpage](#).

Cross-cutting publications

- 31 March 2015 [Financial Services Compensation Scheme – management expenses levy limit 2015/16 – PS4/15](#)
This policy statement publishes the final management expenses levy limit for the Financial Services Compensation Scheme for 2015/16.
- 23 March 2015 [Strengthening individual accountability in banking and insurance – responses to CP14/14 and CP26/14 - PS3/15](#)
This policy statement provides feedback on responses to the proposals in CP14/14 'Strengthening accountability in banking: a new regulatory framework for individuals', and CP26/14 'Senior insurance managers regime: a new regulatory framework for individuals', and issues the first set of the final PRA rules to implement the Senior Managers Regime and Certification Regime for UK banks, building societies, credit unions and PRA-designated investment firms, and the Senior Insurance Managers Regime for Solvency II insurers.
- 19 March 2015 [Prudential Regulation Authority - Regulated fees and levies: rates proposals 2015/16 – CP10/15](#)
This consultation paper proposes the fee rates to meet the PRA's 2015/16 Annual Funding Requirement and the 2015/16 rates for Special Project Fees for the financial period 1 March 2015 to 28 February 2016 for dual-regulated FCA and PRA firms. The consultation is relevant to all PRA-authorized firms and closes on 19 May 2015.
- 10 March 2015 [PRA Administration Instruments](#)
The PRA consults on administration instruments. An administration instrument is used to make corrections to PRA Handbook provisions. The corrections are not substantive and are not intended to change PRA policy. The corrections resulted in rule amendments on 31 March.

Also in the month

- 29 March 2015 [News Release – European Central Bank and Bank of England announce measures to enhance financial stability in relation to centrally cleared markets in the EU](#)
- 23 March 2015 [News Release - Bank of England publishes independent review of RTGS outage](#)
- 12 March 2015 [Quarterly Bulletin 2015 Q1](#)

Articles featured include 'Desperate adventurers versus men of straw: the failure of the City of Glasgow Bank and its enduring impact on the UK banking system' (see also short [video clip](#)),

'Investment banking: linkages to the real economy and the financial system' and 'Capital in the 21st century'.

- 11 March 2015 [Two years on from the March 2013 publication of 'A review of requirements for firms entering into or expanding in the banking sector' - speech by Martin Stewart](#)
[The Bank of England's supervision of financial market infrastructures - Annual Report](#)
- 4 March 2015 [Treasury Select Committee Hearing – Prudential Regulation Authority](#)
- 3 March 2015 [Confronting the challenges of tomorrow's world - speech by Paul Fisher](#)
[What is left to do on the post-crisis bank capital framework? - speech by David Rule](#)

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](#).

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