



PRA Regulatory Digest

1-31 October 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

- The Bank of England publishes new approach to stress testing
- The Bank of England announces further proposals to strengthen the financial system through structural reform
- Ensuring operational continuity in resolution - CP38/15
- The implementation of ring-fencing: prudential requirements, intragroup arrangements and use of financial market infrastructures - CP37/15
- Strengthening accountability in banking and insurance: regulatory references – CP36/15

News

- 22 October 2015 [Progress on prudential regulation and three areas to complete – speech by Andrew Bailey](#)
- 21 October 2015 [Bank of England publishes approach to stress testing the UK banking system](#)
The Bank of England published its approach to stress testing the UK banking system. This approach aims to provide clarity for firms and the wider public about its plans for stress testing for the next three years until 2018.
[The European Union, monetary and financial stability, and the Bank of England – speech by Mark Carney](#)
- 15 October 2015 [Bank of England announces further proposals to strengthen the financial system through structural reform](#)

Banking publications and updates

- 30 October 2015 [Credit union quarterly statistics – June 2015](#)
[CRD IV: Interim LCR and interim intraday reporting: updated notes for submissions November 2015 onwards](#)
- 19 October 2015 [The PRA's approach to identifying other systemically important institutions \(O-SIIs\) – CP39/15](#)
In this consultation paper (CP), the Prudential Regulation Authority (PRA) sets out the criteria and scoring methodology it proposes to use to identify other systemically important institutions (O-SIIs). These criteria and methodology are derived from Article 131(3) of the Capital Requirements Directive (2013/36/EU) (CRD) – which requires O-SIIs to be identified- and follow the European Banking Authority (EBA) Guidelines 2014/10 on the criteria to determine the conditions of application of Article 131(3) CRD in relation to the assessment of O-SIIs. This consultation is relevant to credit institutions, investment firms and EEA parent (mixed) financial holding companies incorporated in the United Kingdom. The consultation closes on 18 January 2016.
- 15 October 2015 [Ensuring operational continuity in resolution – CP38/15](#)
This consultation paper sets out the PRA's proposed framework to require firms to ensure continuity of critical shared services to facilitate recovery action, resolution or post resolution restructuring. This CP is relevant to banks, building societies and PRA-authorized investment firms. It is also likely to be of interest to policymakers and practitioners involved in the resolution of failed firms. The PRA invites feedback on the proposals set out in the consultation, but respondents may wish to wait for the publication of the addendum, which will set the application of the rules and closing date for the consultation period.
[The implementation of ring-fencing: prudential requirements, intragroup arrangements and use of financial market infrastructures – CP37/15](#)
The PRA is required under the Financial Services and Markets Act 2000, as amended by the Financial Services (Banking Reform) Act 2013, to make policy to implement the ring-fencing of core UK financial services and activities. This consultation paper is relevant to banks which will be required to ring-fence their core activities. This includes both those groups with 'core' deposits – broadly those deposits from individuals and small businesses – in excess of £25 billion and those groups with growth plans which expect to exceed this threshold by the Government's stated implementation date of 1 January 2019. It will also be of interest to financial and other institutions and customers who have dealings with these banks. The consultation closes on 15 January 2016.
- 07 October 2015 [CRD IV: XRBL filing update](#)

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

Insurance publications and updates

- 30 October 2015 [Solvency II: reporting and public disclosure – options provided to supervisory authorities – SS40/15](#)
 This supervisory statement sets out the PRA's expectations of firms where the Solvency II supervisory reporting Implementing Technical Standards (ITS) and the Solvency II public disclosure ITS allows supervisory authorities to specify different approaches to the default set out in the standards, or requires supervisory authorities to issue instructions. SS40/15 is of interest to all UK insurance firms and groups within the scope of Solvency II, the Society of Lloyd's and, where applicable, to third country branches. [Solvency II: applying EIOPA Set 2, system of governance and ORSA guidelines – SS41/15](#)
 This supervisory statement is addressed to all UK firms that fall within the scope of Solvency II, and to Lloyd's, including Lloyd's managing agents, rather than just the Society of Lloyd's. It sets out the PRA's expectations of firms and its general approach to the following European Insurance and Occupational Pensions Authority (EIOPA) Guidelines:(i) Set 2 of the Solvency II Guidelines ('the Guidelines'), published as final reports on 6 July 2015 and in all European Union official languages on 14 September 2015; and (ii) the System of Governance and the Own Risk and Solvency Assessment (ORSA), published as final reports on 3 February 2015 and in all European Union official languages on 14 September 2015.
- 27 October 2015 [Solvency II: Update on regulatory reporting seminar](#)
 For further information on Solvency II visit the [Solvency II updates webpage](#).

Cross-cutting publications

- 26 October 2015 [The PRA Rulebook: Fees – CP40/15](#)
 This consultation paper sets out the PRA's proposals to redraft the FEES module of the Handbook to conform to the Rulebook style. This CP is part of a planned series of consultations aimed at replacing the PRA Handbook material inherited from the Financial Services Authority with a standalone PRA Rulebook. It reflects the commitment made in the PRA's approach documents to create a clear, concise set of rules specific to the needs of PRA authorised firms. The consultation is relevant to all PRA-authorized firms and closes on 29 December 2015.
- 15 October 2015 [HM Treasury issued a consultation on the extension of the accountability regime](#)
- 06 October 2015 [Strengthening accountability in banking and insurance: regulatory references – CP36/15](#)
 Employment references that pass between firms when individuals move roles (in this consultation paper 'regulatory references') are an important tool for employers in assuring themselves that they are hiring the right people. This consultation forms part of the wider package of reforms that aim to improve accountability in relevant authorised persons* (RAPs) and insurers – see the dedicated '[Strengthening Accountability](#)' webpage for more information and a summary of policy development. This CP will be of primary interest to RAPs, insurers and individual candidates for roles in the Senior Managers Regime (SMR), Senior Insurance Managers Regime (SIMR) and Certification Regime (CR), including notified non-executive directors* (NEDs) and Key Function Holders* (KFHs). The consultation closes on 7 December 2015.
- [Whistleblowing in deposit-takers, PRA designated investment firms and insurers – PS24/15](#)
 This PRA policy statement provides feedback on the responses received on PRA Consultation Paper 6/15 'Whistleblowing in UK deposit-takers, PRA-designated investment firms and insurers'. The consultation was published jointly with the Financial Conduct Authority (FCA) in February. This PS will be of interest to the relevant firms (deposit-takers with assets greater than £250 million, PRA-designated investment firms and insurers - meaning insurance and reinsurance firms within the scope of Solvency II - and to the Society of Lloyd's and managing agents), but also to individuals working in the financial services sector. It will also be of interest to a wider range of firms that may wish to comply voluntarily. The Supervisory Statement 39/15 – '[Whistleblowing in deposit-takers, PRA-designated investment firms and insurers](#)' was also published alongside PS24/15.

Also in the month

- 20 October 2015 [Treasury Select Committee Hearing – Bank of England Bill](#)
- 19 October 2015 [Nurturing resilience to the financial cycle – speech by Alex Brazier](#)
- 13 October 2015 [Bank Liabilities Survey - 2015 Q3](#)
- 09 October 2015 [Staff Working Paper No. 560: Mortgage debt and entrepreneurship – Philippe Bracke, Christian Hilber and Olmo Silva](#)

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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