



PRA Regulatory Digest

1-30 September 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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- [PRA publishes its response to Defra on climate change adaptation reporting](#)
- [Bank announces the timetable for publication of the 2015 UK stress testing results](#)

News

29 September 2015 [Speech by Mark Carney - Breaking the tragedy of the horizon – climate change and financial stability](#)

28 September 2015 [Bank announces the timetable for publication of the 2015 UK stress testing results](#)

The Bank set out the timetable for the publication of the UK stress test results. On 30 March 2015 the Bank set out details of the scenario for the stress tests for the seven major UK banks and building societies. The scenario was agreed by the Financial Policy Committee and Prudential Regulation Authority (PRA) Board. The Bank has received firms' initial stress testing submissions and is in the process of analysing the results. The FPC and the PRA Board will discuss that analysis over the autumn. Final decisions on the results of the stress tests will be made by both committees on 30 November and will be fed back to the firms involved on the same day. The UK stress test results will be published alongside the Financial Stability Report at 07:00 hrs (GMT) on 1 December.

Banking publications and updates

30 September 2015 [Reporting rule amendments following CP29/15 and PS11/15 – PS23/15](#)

This policy statement publishes two legal instruments following consultation in Chapter 1 of the Occasional Consultation Paper CP29/15 and a correction to the rule changes published in the Policy Statement 11/15 'CRD IV: Liquidity'.

18 September 2015 [The implementation of ring-fencing: the PRA's approach to ring-fencing transfer schemes – CP33/15](#)
In this consultation the PRA seeks views on a draft statement of policy setting out its approach to ring-fencing transfer schemes (RFTS). The consultation will be of interest to banks which will be required by FSMA, as amended by the Financial Services (Banking Reform) Act 2013, to ring-fence their activities. It will be of relevance to skilled persons commissioned to author the scheme report submitted to the court as part of the RFTS application. It may also be of interest to other financial institutions and customers who have dealings with ring-fenced bodies. The consultation closes on Friday 30 October 2015.

[CRD IV update: Pillar 2 Voluntary Requirements \(VREQ\) applications](#)

14 September 2015 [CRD IV updates on:](#)

- Liquidity coverage ratio: Reporting clarifications
- Common Reporting Errors found in COR002 Large Exposures Templates and reporting of Eligible Capital for purposes of Large Exposures within COR001

2 September 2015 [PRA briefing on the Senior Managers Regime for professional services firms, 16 October 2015 – registration open](#)

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

Insurance publications and updates

30 September 2015 [Letter from Sam Woods - the PRA's response to Defra on climate change adaptation reporting](#)

29 September 2015 [PRA publishes its response to Defra on climate change adaptation reporting](#)

24 September 2015 [Letter from Sam Woods, Executive Director Insurance Supervision](#)

The letter provides firms with information on Solvency II-related approvals for day 1 of the regime; applications to use the matching adjustment; applications to use an internal model; capital add-ons; and feedback on the preparatory phase data submissions received in July 2015.

- 22 September 2015 [Solvency II update: PRA regulatory reporting seminar, 22 October](#)
- 18 September 2015 [Materials published from the smaller insurers briefing](#)
On 15 September 2015, the PRA hosted a briefing for category 5 insurers. Introduced by Sam Woods, Executive Director of insurance, and hosted by Chris Moulder, Director of General Insurance, the plenary session was followed by three tailored breakouts for Solvency II-affected firms, non-Directive firms, and firms considering or pursuing an exit strategy. Slides from the briefing are available on the Bank's website.
- 16 September 2015 [Letter from Andrew Bulley and Chris Moulder - PRA Solvency II: Insurance Directors update](#)
- For further information on Solvency II visit the [Solvency II updates webpage](#).

Cross-cutting publications

- 30 September 2015 [Reports by skilled persons – SS7/14 UPDATE](#)
The PRA updated SS7/14 to provide greater clarity on the use of skilled persons in its supervisory approach. The update is intended to highlight that the power to commission reports by skilled persons is a discretionary supervisory tool and the use of skilled persons in an enforcement context is rare. Through the update the PRA also seeks to encourage firms to engage in dialogue with their supervisors before commissioning any external review on subject matters which may be of interest to the PRA to avoid the firm incurring unnecessary costs where the PRA also wishes to make use of skilled persons.
- [PRA Rulebook: Administration Instrument \(No. 2\) 2015](#)
Following consultation on this administration instrument in CP32/15, the PRA intends to make corrections to the PRA Rulebook. The corrections are not substantive and are not intended to change PRA policy.
- 18 September 2015 [Amendments to various forms – CP35/15](#)
This paper sets out proposed amendments to two forms for the new accountability regime and also to two forms used in the current Approved Persons Regimes. These changes alter the questions to ensure the regulators only require necessary disclosures from regulated firms, while ensuring the regulators remain able to properly assess the fitness and propriety of those we are required to approve. CP35/15 also includes shared forms made under the regulators' powers of direction under the Financial Services and Markets Act. The regulators amended these forms with immediate effect. This paper will be of interest to all FCA and PRA-authorized firms and individual candidates for approval as approved persons, notified non-executive directors and key function holders. The consultation closes on Monday 19 October 2015.
- [Implementing audit committee requirements under the revised Statutory Audit Directive – CP34/15](#)
This consultation sets out the PRA's proposed rules to implement the audit committee requirements of article 39 of the Statutory Audit Directive as amended by Directive 2014/56/EU (Amending Directive). The consultation is relevant to banks, building societies, UK designated investment firms, UK Solvency II insurance and reinsurance firms and the Lloyd's market. The proposed requirements will apply to financial years commencing on or after 17 June 2016. The consultation closes on 18 December 2015.

Also in the month

- 30 September 2015 [The Financial Regulation Reform agenda: What has been achieved and how much is left to do? - speech by Paul Fisher](#)
- 22 September 2015 [Fixing the global financial safety net: lessons from central banking - speech by Minouche Shafik](#)
- 18 September 2015 [Quarterly Bulletin 2015 Q3](#)
In this issue, readers may be interested in articles on [Insurance and financial stability](#), [Bank failure and bail-in: an introduction](#) and ['Over-the-counter' \(OTC\) derivatives and central clearing](#).
[Staff Working Paper No. 549: How much do investors pay for houses? - Philippe Bracke](#)
- 11 September 2015 [Staff Working Paper No. 548: A heterogeneous agent model for assessing the effects of capital regulation on the interbank money market under a corridor system - Christopher Jackson and Joseph Noss](#)
- 9 September 2015 [Treasury Select Committee Hearing – Bank of England Bill](#)
- 8 September 2015 [Mortgage Lenders and Administrators Statistics - 2015 Q2](#)
- 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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