



PRA Regulatory Digest

1-30 April 2016

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

- Appointment of new Deputy Governor for Prudential Regulation
- Solvency II: Remuneration requirements – CP13/16
- Financial Conduct Authority and Prudential Regulation Authority jointly publish proposals to enhance enforcement decision-making processes
- PRA imposes £1,384,950 fine on QIB (UK) Plc for significant failings in capital adequacy and regulatory reporting during 2011 and 2012

News

- 14 April 2016 [News Release – Financial Conduct Authority and Prudential Regulation Authority jointly publish proposals to enhance enforcement decision-making processes](#)
- 08 April 2016 [News Release – PRA imposes £1,384,950 fine on QIB \(UK\) Plc for significant failings in capital adequacy and regulatory reporting during 2011 and 2012](#)
[News Release – Appointment of new Deputy Governor for Prudential Regulation](#)

Banking publications and updates

- 29 April 2016 [Regulatory reporting of financial statements, forecast capital data and IFRS 9 requirements – CP17/16](#)
This consultation paper (CP) sets out the Prudential Regulation Authority's (PRA) proposals on future reporting of balance sheet, statement of profit and loss and forecast capital data. Feedback received on this consultation will also help to inform the next stages of the PRA's review of reporting requirements in risk areas beyond the scope of this consultation. A second consultation is planned for late 2016 to set out proposed reporting changes for credit risk, in part resulting from International Financial Reporting Standard 9 (IFRS 9), for which a discussion section is included in this paper. This consultation is relevant to banks, building societies and PRA-designated investment firms.
[Buy-to-let data collection: Bank publishes consultation on proposal for new loan-level data collection](#)
In its regular Bankstats publication, the Bank of England published a consultation on a proposal for a new loan-level data collection covering buy-to-let lending. The collection will support the needs of the Monetary Policy Committee, the Financial Policy Committee and the Prudential Regulation Authority Board, and therefore aims to combine Bank of England statistical and regulatory data requirements into one collection for the first time. The Bank of England proposes to collect these data under Section 17 of the Bank of England Act 1998. This consultation is relevant to all UK firms that carry out buy-to-let lending. Responses are requested by Friday 10 June 2016.
- 18 April 2016 [Liquidity: switch from FSA returns to ALMM returns – PS15/16](#)
This policy statement (PS) follows PS11/15 'CRD IV: Liquidity' and finalises the date of changes to liquidity reporting rules to end the reporting of data items FSA050-053 ahead of the introduction of EU requirements to report additional liquidity monitoring metrics (ALMM). These changes took effect on 22 April 2016. This PS is relevant to banks, building societies and PRA-designated investment firms.
- 04 April 2016 [Supervising building societies' treasury and lending activities – CP12/16](#)
This CP sets out proposed changes to Supervisory Statement 20/15. The purpose of the existing supervisory statement is to set out PRA expectations in respect of building societies' lending and treasury activities, and for compliance with the requirements of the Building Societies Act 1986 and the PRA Rulebook. It is relevant for all building societies. This consultation closes on Monday 4 July 2016.
For further information on CRD IV visit the [CRD IV updates webpage](#).

Insurance publications and updates

- 25 April 2016 [General Insurance Stress Test 2015 Feedback](#)
The PRA published a letter from Chris Moulder, Director of General Insurance, to CEOs of those firms that participated in the General Insurance Stress Test 2015 with headline results and feedback.

- 15 April 2016 [Solvency II: matching adjustment – CP16/16](#)
 This CP proposes and seeks feedback on a draft supervisory statement setting out the PRA's expectations on firms in relation to the application of the matching adjustment (MA) for the purposes of calculating technical provisions, including in the context of applications for MA approval and the ongoing management of MA portfolios under Solvency II. The consultation is relevant to all UK Solvency II firms and to the Society of Lloyd's. This consultation period closes on Friday 15 July.
[Recalculation of the 'transitional measure on technical provisions' under Solvency II – CP15/16](#)
 In this CP the PRA proposes a draft supervisory statement that sets out the PRA's expectations for the recalculation of the transitional measure on technical provisions (TMTP). The purpose of the draft supervisory statement is to provide clarity on the PRA's expectations for, and process applicable to, recalculations of this transitional measure. It is relevant to all UK Solvency II firms and the Society of Lloyd's. The consultation period ends on Friday 13 May 2016.
- 07 April 2016 [Solvency II: Remuneration requirements – CP13/16](#)
 This CP seeks feedback on a draft supervisory statement which sets out the PRA's expectations with regard to Article 275 of the Commission Delegated Regulation (EU) 2015/35 ('the Solvency II regulation'). This consultation is relevant to all UK insurance and reinsurance firms and groups within the scope of Solvency II including the Society of Lloyd's and managing agents. The supervisory statement clarifies PRA expectations of how Solvency II firms should comply with the key Solvency II remuneration requirements. The consultation closes on Thursday 2 June 2016.
- For further information on Solvency II visit the [Solvency II updates webpage](#).

Cross-cutting publications and updates

- 14 April 2016 [Proposed Implementation of the Enforcement Review and the Green Report – CP14/16](#)
 This CP sets out the PRA's and FCA's proposals for implementation of Chapters 3 ('Co-operation between the regulators') and 4 ('Subjects' understanding and representations') of HM Treasury's *Review of enforcement decision-making at the financial services regulators* ('the HMT Review'). The focus of the HMT Review recommendations was on the transparency, fairness, effectiveness and speed of the FCA's and the PRA's enforcement decision-making processes. The CP also incorporates the PRA's and FCA's proposals for implementing recommendations (2) and (3) of Andrew Green QC's *Report into the FSA's enforcement actions following the failure of HBOS* ('the Green Report'). The consultation closes on Thursday 14 July 2016.

Also in the month

- 26 April 2016 [Are your ATMs compliant with the Local Recycling Code?](#)
- 22 April 2016 [Staff Working Paper No.594: Non-performing loans: regulatory and accounting treatments of assets – David Bholat, Rosa Lastra, Sheri Markose, Andrea Miglionico and Kallol Sen](#)
- 15 April 2016 [Staff Working Paper No.593: What determines how banks respond to changes in capital requirements? – Saleem Bahaj, Jonathan Bridges, Frederic Malherbe and Cian O'Neill](#)
[Staff Working Paper No.590: Pass-through of bank funding costs to lending and deposit rates: lessons from the financial crisis – Rashmi Harimohan, Michael McLeay and Garry Young](#)
- 04 April 2016 [Current regulatory issues and PRA expectations in current market conditions – speech by Chris Moulder](#)
- 01 April 2016 [New York Fed conference 'defining the objectives and goals of supervision' – speech by Andrew Bailey](#)

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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