



PRA Regulatory Digest

1 – 31 December 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

- PRA publishes policy and materials on regulatory reporting for the banking sector
- Solvency II publications, including: Reporting format of National Specific Templates and reporting clarifications, and consultations on; matching adjustment – illiquid unrated assets and equity release mortgages; and maintenance of the 'transitional measure on technical provisions'

News

15 December [Bank Rate held at 0.25%, government bond purchases at £435bn and corporate bond purchases at up to £10bn](#)

Banking publications and updates

16 December [Banking sector regulatory capital – 2016 Q3](#)

The banking sector regulatory capital release contains CRD IV capital adequacy ratios, a breakdown of the level and components of capital, a breakdown of risk-weighted assets into risk types and a comparison of the range of capital ratios for the UK banking sector published by different organisations. The next banking sector regulatory capital release will be on 28 March 2017.

15 December [Credit unions – materials and information for electronic reporting](#)

On Thursday 15 December the PRA emailed all principal users of the new Bank of England's Electronic Data Submission (BEEDS) portal confirming some key dates and actions ahead of the new electronic reporting requirements which take effect from Tuesday 3 January 2017.

12 December [The PRA publishes policy and materials on regulatory reporting for the banking sector](#)

The PRA issued the following publications on regulatory reporting for the banking sector:

- [IFRS 9: changes to reporting requirements – CP46/16](#);
- [Amendments to Notes for completion of the MLAR – PRA CP45/16 / FCA CP16/41](#);
- [Financial statements – responses to Chapter 3 of CP17/16 – PS36/16](#); and
- [Responses to CP26/16 – PS35/16](#).

PS35/16 includes an update to [SS24/15 'The PRA's approach to supervising liquidity and funding risks'](#). PS36/16 includes an update to [SS34/15 'Guidelines for completing regulatory reports'](#), a [modification by consent of regulatory reporting rules](#) and a [form](#) to request to report financial information (FINREP) and PRA104-PRA107 on accounting reference date (ARD) linked basis.

The consultation period for CP45/16 and CP46/16 closes on Monday 13 March 2017.

9 December [Note following conference for CEOs of UK banks and building societies](#)

7 December [2016 list of UK headquartered G-SIIs](#)

In accordance with Article 131 of the Capital Requirements Directive (2013/36/EU), the PRA disclosed the 2016 list of UK headquartered Global Systemically Important Institutions (G-SIIs). The PRA also disclosed their respective sub-categories, applicable scores and G-SII buffers.

6 December [PRA issues clarification on IFRS 9 for 2017 ICAAP stress testing and capital planning](#)

This clarification sets out information on how firms should incorporate IFRS 9 into stress testing and capital planning carried out as part of their ICAAP obligations in 2017.

5 December [The PRA's approach to the implementation of the systemic risk buffer – Statement of Policy](#)

This Statement of Policy (SoP) sets out the PRA's approach to implementing the systemic risk buffer (SRB). In line with the Independent Commission on Banking (ICB) recommendations, the UK

legislation implementing the SRB requires the Financial Policy Committee (FPC) to establish a framework for an SRB that applies to large building societies and ring-fenced bodies (RFBs). The SRB Regulations require the PRA to apply the framework set out by the FPC on the SRB from Tuesday 1 January 2019.

1 December

[Supervising building societies' treasury and lending activities – PS34/16](#)

This PS provides feedback on responses to [CP12/16 'Supervising building societies' treasury and lending activities'](#) and the final [SS20/15 'Supervising building societies' treasury and lending activities'](#). The PS is relevant to building societies, and should be read in conjunction with the PRA Rulebook for CRR firms and the PRA's approach to banking supervision. The guidance in SS20/15 takes effect from Sunday 1 January 2017.

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

For further information on structural reform visit the [Structural reform webpage](#).

For new banks, please see the [New Banks Start-up Unit webpage](#).

Insurance publications and updates

19 December

[Solvency II: Reporting format of National Specific Templates and reporting clarifications – PS38/16](#)

This PS provides feedback to responses to [CP40/16 'Solvency II: Reporting format of National Specific Templates and reporting clarifications'](#). It sets out final rules to incorporate National Specific Template (NST) information requirements within the Reporting Part of the PRA Rulebook, and includes updated Excel templates and LOG files for firms to use for financial year end 2016 and future financial year ends (available on the [Regulatory reporting for Solvency II firms webpage](#)). This PS is relevant to all UK Solvency II firms required to submit NSTs and to Lloyd's.

16 December

[PRA fees and FSCS levies for insurers – transitional approach for 2017/18: responses to CP30/16 – PS37/16](#)

This PS provides feedback to responses and final rules for [CP30/16 'PRA fees and FSCS levies for insurers: proposals for a transitional approach in 2017/18'](#). The PS is relevant to insurance firms falling into the A3 (general insurance) and C1 (life insurance), the FSCS, (for the purposes of the FSCS levy only) the Society of Lloyd's, and policyholders. This PS sets out transitional arrangements that apply to the 2017/18 PRA fee and FSCS levy years for all insurance firms subject to fee blocks A3 and A4, and FSCS levy classes B1 and C1. This means that calculations for the 2017/18 fee and FSCS levy years are based on the last set of Solvency I data received (returns received for the relevant insurance firms' financial year ending during 2015).

15 December

[Solvency II: Matching adjustment – illiquid unrated assets and equity release mortgages – CP48/16](#)

In this CP, the PRA sets out its proposed expectations in respect of firms investing in illiquid, unrated assets within their Solvency II matching adjustment (MA) portfolios. It also provides feedback to the responses the PRA received to [Discussion Paper \(DP\) 1/16 'Equity release mortgages'](#).

The draft SS at Appendix 1 contains proposals relating to internally rated assets that are included in MA portfolios. It also contains specific proposals relating to the valuation approach and fundamental spread mapping to be used for restructured equity release mortgages when determining their contribution to a firm's overall MA benefit. This CP seeks views on those proposals.

This consultation closes on Tuesday 14 March 2017.

[Maintenance of the 'transitional measure on technical provisions' under Solvency II – CP47/16](#)

This CP sets out the PRA's proposed updates to [SS6/16 'Recalculation of the 'transitional measure on technical provisions' under Solvency II'](#). The purpose of the proposal is to clarify the PRA's expectations for maintaining the calculation of the Transitional Measure on Technical Provisions ('TMTP') both at outset and over the transitional period. This CP is relevant to life insurance and reinsurance companies using or intending to use TMTP.

This consultation closes on Wednesday 15 March 2017.

[2016 EIOPA insurance stress test report](#)

On Thursday 15 December EIOPA published its report of the EIOPA insurance stress test. The PRA will take forward the EIOPA recommendations with UK insurers as appropriate.

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

For further information for non-Directive firms visit the [non-Directive firms webpage](#).

PRA open consultations – closing January 2017

9 January

[Whistleblowing in UK branches – CP35/16](#)

[Strengthening accountability in banking and insurance: amendments and optimisations – CP34/16](#)

[Dealing with a market turning event in the general insurance sector – CP32/16](#)

10 January

[Amendments to the PRA's rules on loan to income ratios in mortgage lending – CP44/16](#)

11 January

[Occasional Consultation Paper – CP36/16](#)

(Chapters 2, 3, 4, 6 and 7)

To view all open consultations as at 4 January 2017, please see [PRA open consultations](#).

Also in the month

16 December	Quarterly Bulletin 2016 Q4 – Ring-fencing: what is it and how will it affect banks and their customers? Quarterly Bulletin 2016 Q4 – Recovery planning: preparing for stress
14 December	Remarks on the launch of the Recommendations of the Task Force on Climate-related Financial Disclosures – Mark Carney
13 December	Mortgage Lenders and Administrators Statistics – 2016 Q3
9 December	Staff Working Paper No. 635: Bank capital requirements and balance sheet management practices: has the relationship changed after the crisis? – Sebastian J A de-Ramon, William B Francis and Qun Harris
7 December	Royal Visit to the Bank of England
5 December	Ending too-big-to-fail: how best to deal with failed large banks – article by Jon Cunliffe The Spectre of Monetarism – speech by Mark Carney
2 December	One Car, Two Car, Red Car, Blue Car – speech by Andy Haldane Staff Working Paper No. 629: Political borders and bank lending in post-crisis America – Matthieu Chavaz and Andrew K Rose Staff Working Paper No. 631: Measuring competition in the UK deposit-taking sector – Sebastian J A de-Ramon and Michael Straughan
1 December	The Bank goes red for World AIDS Day

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

Bank Underground

Bank Underground is a blog for Bank of England staff to share views that challenge – or support – prevailing policy orthodoxies. The views expressed here are those of the authors, and are not necessarily those of the Bank of England or its policy committees.

To view all Bank underground blogs, please see the [Bank Underground homepage](#).

KnowledgeBank

[KnowledgeBank](#) explains the economy, the financial system and the role of the Bank of England in simple, jargon-free terms. From [interest rates](#) and [inflation](#) through to [bank failures](#) and [financial crises](#), the site uses everyday examples and engaging visuals to bring economics to life.

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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