



PRA Regulatory Digest

1-30 April 2017

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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News

7 April 2017

[The high road to a responsible, open financial system - speech by Mark Carney](#)

In this speech, Governor Mark Carney looks at London's importance as a global financial centre, and the progress made by the UK and its G20 partners since the crisis to make the financial system safer, simpler and fairer. He goes on to explain how, against the background of the Brexit negotiations, the Bank will work to build a responsible financial globalisation that protects and serves the UK real economy, while securing the UK's traditional role of supporting global prosperity through an open global economy. The Governor referred to a letter Sam Woods, Deputy Governor, Prudential Regulation & Chief Executive of the Prudential Regulation Authority (PRA), wrote to all firms with cross-border activities between the United Kingdom and the rest of the European Union, asking them to inform the PRA of their own planning in response to the UK's decision to leave the European Union. For more information on the letter, see 'Cross-cutting publications and updates' below.

4 April 2017

[Financial Policy Committee \(FPC\) statement from its meeting, 22 March 2017](#)

At its meeting on 22 March, the FPC reviewed developments since its meetings on 23 and 29 November 2016. In relation to the PRA specifically, the FPC supported a review launched by the PRA into the credit quality of new lending by PRA-regulated lenders, and in considering the United Kingdom's withdrawal from the European Union, supported the work of the PRA and FCA to ensure regulated firms had comprehensive plans in place to operate in a range of possible outcomes.

Cross-cutting publications and updates

27 April 2017

[PRA Rulebook: Administration Instrument \(No.2\) 2017](#)

Following consultation on this administration instrument, the PRA intends to make corrections to the PRA Rulebook. The corrections are not substantive and are not intended to change PRA policy.

26 April 2017

[Whistleblowing in non-EEA UK branches – PS8/17](#)

This PRA policy statement (PS) provides feedback to responses for [Consultation Paper \(CP\) 35/16 'Whistleblowing in UK branches'](#) and sets out the final rules. This PS is relevant to: UK branches of non-European Economic Area (EEA) deposit-takers; UK branches of non-EEA Solvency II insurers; and UK firms that are the UK subsidiaries of non-EEA deposit-takers with a UK branch.

19 April 2017

[Regulated fees and levies: rates proposals 2017/18 – CP4/17 update](#)

The PRA published an update regarding paragraph 1.4 of CP4/17, in which the PRA stated it would issue an updated CP if the final estimate of the PRA's pension costs varied more than £2 million from the stated cost. The variance is less than the £2 million figure and so the PRA will not be issuing an updated CP.

7 April 2017

[Contingency planning for the UK's withdrawal from the European Union - letter from Sam Woods](#)

This letter is relevant to banks, insurers and designated investment firms undertaking cross-border activities between the United Kingdom and the rest of the European Union. Responses to the letter



are requested by Friday 14 July 2017. Please email any queries on the letter to April2017Letter@bankofengland.co.uk.

Banking publications and updates

- 28 April 2017 [Implementation of MiFID II: Part 2 – PS9/17](#)
This PRA PS provides final policy as part of the PRA's transposition of the Markets in Financial Instruments Directive II (MiFID II) following [CP43/16 'Implementation of MiFID II: Part 2'](#). The PS is relevant to banks, building societies, PRA-designated investment firms and their qualifying parent undertakings, which for this purpose comprise financial holding companies and mixed financial holding companies, as well as credit institutions, investment firms and financial institutions that are subsidiaries of these firms. MiFID II will apply from Wednesday 3 January 2018. Chapter 2 of PS9/17 outlines implementation arrangements.
- [Ensuring operational continuity in resolution: reporting requirements – PS10/17](#)
PS10/17 provides feedback to responses to [CP28/16, 'Ensuring operational continuity in resolution: reporting requirements'](#). The PS is relevant to UK banks, building societies and PRA-authorized investment firms to which the Operational Continuity Part of the PRA Rulebook applies (operational continuity firms) that receive critical services from one or more members of their group or from a business unit within the firm itself (group providers). The PS contains the final amendments to the Regulatory Reporting Part; final amendments to [Supervisory Statement 34/15 'Guidelines for completing regulatory reports'](#); and the final template PRA109 and reporting instructions which implement the proposals consulted on in the CP.
- [European Banking Authority \(EBA\) Taxonomy 2.6 update](#)
The PRA confirmed that, if daily liquidity reporting is required between 1 June 2017 to 30 June 2017 inclusive, collection will be against Data Point Model (DPM) Taxonomy 2.6. Firms will be notified via the GABRIEL collection system if they are required to submit daily reports, which is effective from the following day. Firms should refer to the EBA's [website](#) for further information on Taxonomy 2.6.
- 27 April 2017 [Financial statements Excel spreadsheets update](#)
The Bank published an Excel spreadsheet containing financial statements templates that can be used to generate XBRL submissions. This follows publication of the Taxonomy v2.0.0, and the financial statements reporting requirements set out in [PS36/16 'Financial statements - responses to Chapter 3 of CP17/16'](#). See the [Taxonomy](#) webpage for more information.
- 25 April 2017 [Remuneration Policy Statement \(RPS\) Table 8 – Material Risk Takers Exclusions](#)
The PRA updated the [Remuneration Policy Statement \(RPS\) Table 8 – Material Risk Takers Exclusions](#) to reflect the submission deadline as prescribed by the EBA guidelines on sound remuneration policies.
- 21 April 2017 [Stress test scenario for firms not participating in the 2017 concurrent stress test](#)
- 12 April 2017 [The PRA's expectations on remuneration - PS7/17](#)
This PRA PS provides feedback on responses to [CP33/16 'The PRA's expectations on remuneration'](#) and includes [SS2/17 'Remuneration'](#), which brings together the PRA's existing supervisory statements on proportionality, the application of malus and other elements of remuneration, and sets out additional expectations of firms. The PS and SS are relevant to all firms regulated by the PRA which fall within the scope of the Remuneration Part of the PRA Rulebook. For further information on Remuneration visit the [Supervisory activities - Remuneration Rules](#) webpage.
- 3 April 2017 [PRA updates modified data item FSA083](#)
The PRA updated FSA083 to clarify the instructions in the modified template for reporting the leverage ratio.
- 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

- 28 April 2017 [Maintenance of the 'transitional measure on technical provisions' under Solvency II – PS11/17](#)
This PRA PS provides feedback on responses to [Consultation Paper \(CP\) 47/16 'Maintenance of the 'transitional measure on technical provisions' under Solvency II'](#). The PS also contains an updated [SS6/16](#). The PS is relevant to all UK insurance firms within the scope of Solvency II and to the Society of Lloyd's. It is particularly relevant to firms that have been granted approval to use the transitional measure on technical provisions, or those considering applying to use this transitional measure.
- [Solvency II: Supervisory disclosures, the PRA's supervisory approach and insurance regulations applicable in the United Kingdom](#)
The PRA published supervisory disclosures in line with its obligations under Article 31(2) of the Solvency II Directive. These disclosures include: aggregate statistical data on key aspects of the application of the prudential framework; a table covering the manner of exercise of the options provided for in the Solvency

II Directive; links to the texts of insurance regulations applicable in the United Kingdom; and links to the PRA's supervisory approach. This public disclosure is designed to foster a uniform level of transparency and accountability between supervisory authorities. The material published will be of primary interest to PRA-authorized insurance companies.

18 April 2017 [Standard formula SCR reporting template update](#)
The PRA published a document with details of minor corrections to the SF.01 template.

11 April 2017 [PRA issues letter on General Insurance Stress Test 2017 \(GIST 2017\)](#)
The PRA sent a request to the United Kingdom's largest general insurers to provide information about the impact of a range of stress tests on their projected Own Funds, as well as providing additional information on their sectoral exposures to the UK economy. See the [Stress testing](#) webpage.

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 May 2017

16 May [Occasional Consultation Paper \(Chapters 2-7\) – CP2/17](#)

24 May [Regulated fees and levies: rates proposals 2017/18 – CP4/17](#)

31 May [Refining the PRA's Pillar 2A capital framework – CP3/17](#)

To view all open consultations as at 2 May 2017, please see [PRA open consultations](#).

Also in the month

26 April 2017 [New UK Money Markets Code launched](#)

20 April 2017 [What a Difference a Decade Makes - speech by Mark Carney](#)

12 April 2017 [Building the Infrastructure to Realise FinTech's Promise - speech by Mark Carney](#)

10 April 2017 [Regulation for financial stability: the essentials - speech by Donald Kohn](#)

6 April 2017 [Consultation on Shari'ah-compliant liquidity facilities](#)

These items are selected from [Latest Bank of England news](#). Readers may also find it useful to refer to the [Statistics](#) and [Research](#) sections of the Bank's website.

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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