



PRA Regulatory Digest

1 – 31 August 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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Top news and publications

- Letter from Sam Woods to Nicky Morgan, MP
- PRA fees and levies: model transaction fees, fees and FSCS levies for insurers and fees for designated investment firms – CP16/17
- Firm feedback survey launching 4 September
- Information request for firms subject to reporting requirements in PS36/16 and PS18/17

News

31 August Sandy Boss and Mark Yallop reappointed to the Prudential Regulation Committee - see the [HM Treasury announcement](#).

Cross-cutting publications and updates

30 August [PRA fees and levies: model transaction fees, fees and FSCS levies for insurers and fees for designated investment firms - CP16/17](#)

Appendix 2 of this consultation paper (CP) was updated to include the correct definition of 'best estimate liabilities' for life insurers. This follows CP16/17's initial publication on 8 August. This consultation closes on Tuesday 24 October 2017.

9 August [Letter from Sam Woods to Nicky Morgan, MP](#)

Sam Woods sent a letter to Nicky Morgan, Chair of the Treasury Committee, dated Wednesday 2 August in response to a request for the PRA to share what it has learnt about firms' contingency plans following his [letter of Friday 7 April 2017](#).

Sam shared that the PRA has received 401 responses to the letter sent in April, 147 from banks and 254 from insurance companies. All UK firms and material branches of EEA firms who received the letter, with the exception of a handful of very small insurers, have responded.

The PRA is now in the process of analysing these responses and examining both the detail of individual plans, to ensure that each firm undertakes sufficient preparations, and firms' plans collectively, to identify whether there are broader financial stability risks which could arise from the collective execution of the contingency plans, and any thematic issues or concerns that could give rise to risk. This analysis will then be considered by the Prudential Regulation Committee and Financial Policy Committee. Sam indicated that he expects the committees to reach a view on firms' submissions in the autumn, and would share further information of the analysis once it has been completed.

Finally, in response to specific issues raised by Nicky Morgan, such as the risks to financial stability, cross-sectoral risks, re-structuring by firms, and the authorisation and supervision of additional firms following the UK's withdrawal from the European Union, Sam outlined some of the work the PRA and wider-Bank are doing in response to these.

8 August [PRA fees and levies: model transaction fees, fees and FSCS levies for insurers and fees for designated investment firms – CP16/17](#)

This CP sets out the PRA's proposals relating to periodic fees for designated investment firms (DIFs), periodic fees and Financial Services Compensation Scheme (FSCS) levies for insurers, and fees in relation to models. This CP is relevant to insurers and DIFs, as well as firms which have, or intend to

apply in the future for, Solvency II or Capital Requirements Regulation models. The proposals relating to FSCS levies are relevant to insurance firms falling within FSCS levy classes B1 (general insurance) and C1 (life insurance), the FSCS Ltd as scheme manager, the Society of Lloyd's and policyholders. This CP is in addition to the usual, annual consultations on fees and the FSCS management expenses levies limit. This consultation closes on Tuesday 24 October 2017.

7 August [Firm feedback survey launching 4 September 2017](#)

The PRA proactively seeks input from firms on the effectiveness and quality of its supervisory framework and approach. We obtain feedback from firms through several means. The annual firm feedback survey is an important part of this. The survey gives PRA-authorized firms the opportunity to comment on their experience of being supervised. We seek feedback from the largest firms and a sample of small and medium-sized firms each year. The PRA has contacted the Category 3-5 firms that will also be invited to complete the survey this year. The survey will be launched on Monday 4 September and we expect to be able to share the results in 2017 Q4.

For further information on strengthening accountability visit the [Strengthening accountability webpage](#).

Banking publications and updates

23 August [Updated Capital+ XBRL Utility and Bank of England Banking Annotated Templates](#)
The Bank published an updated v1.1.0 of the Capital+ XBRL Utility and Bank of England Banking Annotated Templates, which include amendments following [PS20/17 'Regulatory reporting: Responses to CP6/17'](#). See the [CRD firms Taxonomy webpage](#) for more information.

22 August [Findings of the 2017 assessment of credit unions](#)
The PRA emailed Category 5 credit unions with the findings of the 2017 assessment. Credit unions received one of three letters, depending on which peer group they fell into. The PRA also emailed Category 4 credit unions with a letter setting out themes seen across that population. All four letters are available on the [Credit unions - Resources webpage](#).

17 August ['The Bank of England's proposed policy on valuation capabilities to support resolvability' consultation paper](#)
The Bank has released a consultation paper setting out its proposed policy on the valuation capabilities firms should have in place to support resolvability. This policy includes principles for the data, information, models, processes, and governance arrangements that firms are expected to establish, maintain, and demonstrate. The Bank welcomes views on this consultation paper by Friday 17 November 2017.

16 August [Information request for firms subject to reporting requirements in PS36/16 and PS18/17](#)
The PRA issued an information request to firms subject to reporting requirements set out in [Policy Statement \(PS\) 36/16 'Financial statements - responses to Chapter 3 of CP17/16'](#) and [PS18/17 'IFRS 9: Changes to reporting requirements'](#), which take effect from 1 January 2018. Specifically, the request is relevant to firms required to submit FINREP and PRA104-107 instead of FSA001, FSA002 and FSA014, and, depending on the accounting standard used, those required to submit certain FINREP templates instead of FSA015. The request, which has been sent to GABRIEL principle users, seeks information on the reporting schedules firms are planning to use, and requests responses by Friday 8 September 2017. Responses will enable the PRA to update reporting schedules on GABRIEL in advance of the 1 January 2018 effective date. Queries on the request should be sent to FinrepNotifications@bankofengland.co.uk.

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](#).

PRA open consultations – closing September 2017

12 September [Consultations by the FPC and PRA on changes to the UK leverage ratio framework relating to the treatment of claims on central banks – CP11/17](#)

21 September [Recovery planning - CP9/17](#)

22 September [Strengthening accountability in banking and insurance: optimisations to the SIMR, and changes to SMR forms - CP8/17](#) (chapters 2 and 3)

29 September [The minimum requirement for own funds and eligible liabilities \(MREL\) – buffers – CP15/17](#)

To view all open consultations as at 1 September 2017, please see [PRA open consultations](#).

Also in the month

3 August [Exchange of letters between the Governor and the Chancellor in relation to the Term Funding Scheme](#)

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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