



# PRA Regulatory Digest

1 – 31 March 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

- Insurance supervision at the PRA – speech by Sam Woods and report by the Independent Evaluation Office (IEO)
- PRA publishes consultation on its regulated fees and levies rates proposals for 2017/18
- PRA reminds firms that requirements related to two aspects of the strengthening accountability regime have taken effect
- PRA publishes consultation on its Internal Ratings Based (IRB) approach

## News

20 March [Insurance supervision at the PRA – speech by Sam Woods and report by the IEO](#)

14 March [Bank of England response to the resignation of Charlotte Hogg](#)

## Cross-cutting publications and updates

31 March [Financial Services Compensation Scheme – Management Expenses Levy Limit 2017/18 – PS6/17](#)

- This policy statement (PS) provides feedback to responses to [Consultation Paper \(CP\) 1/17 ‘Financial Services Compensation Scheme – Management Expenses Levy Limit 2017/18’](#) and final rules for the Financial Services Compensation Scheme (FSCS) Management Expenses Levy Limit (MELL) for 2017/18. It is relevant to all PRA authorised firms. The MELL for 2017/18 will be £74.5 million.

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

This CP consults on proposals for the PRA’s fees and levies for 2017/18. The consultation is relevant to all firms that currently pay PRA fees or are expecting to do so within the 2017/18 fee year. The Annual Funding Requirement (AFR) is the budget required by the PRA to advance its statutory objectives. The PRA’s proposed AFR for 2017/18 is £266.5 million. The consultation closes on Wednesday 24 May 2017. Feedback on the consultation and final rules will be published in a PS in June 2017.

7 March [PRA reminds firms that requirements related to two aspects of the strengthening accountability regimes take effect on Tuesday 7 March](#)

On Tuesday 7 March 2017, the regulatory reference requirements made in [PS27/16 ‘Strengthening accountability in banking and insurance: PRA requirements on regulatory references \(part II\)’](#) became effective, and certain Senior Managers & Certification Regime–related Financial Conduct Authority (FCA) requirements such as the implementation of the ‘full’ Certification Regime and the rolling out of the Conduct Rules to a wider range of employees came into effect. The Bank of England and Financial Services Act 2016 requires the full SM&CR to be extended to insurers. The PRA and FCA announced that they will consult on the extension during Q2 2017.

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



## Banking publications and updates

- 31 March [PRA publishes Capital+ Excel templates for XBRL reporting](#)
- The Bank published an Excel spreadsheet containing Capital+ plus templates that can be used to generate XBRL submissions. This follows publication of the [Taxonomy v2.0.0](#), and Capital+ reporting requirements set out in [PS32/16 'Responses to Chapter 3 of CP17/16 - forecast capital data'](#). Firms now have all the technical artefacts required for Capital+ reporting requirements which take effect from 1 October 2017. Details of the system to be used for Capital+ reporting will be made available in May 2017.
- 28 March [Internal Ratings Based \(IRB\) approach: clarifying PRA expectations – CP5/17](#)
- This CP sets out the PRA's proposed changes to Supervisory Statement (SS) 11/13 'Internal Ratings Based (IRB) approach' to clarify the PRA's expectations for firms applying for IRB model approval as to:
- how they can demonstrate that they meet the requirements of the Capital Requirements Regulation (CRR) on 'prior experience' of using IRB approaches; and
  - on the use of external data to supplement internal data for estimating Probability of Default (PD) and Loss Given Default (LGD) for residential mortgages.
- The proposals are relevant to UK banks, building societies, and PRA-designated investment firms. This consultation closes on Wednesday 28 June 2017. The PRA aims to issue the updated SS11/13 in October 2017. The proposals are set out in the appendix to the CP.
- 27 March [PRA issues letter on stress test model management principles for firms participating in the 2017 concurrent stress test](#)
- In the [2016 stress test results](#) the Bank communicated the intention to develop guidance for banks to support raising standards in stress test model development and management. This is set out in the annex to the letter. The guidance reflects the Bank's current thinking around principles of stress test model management.
- 24 March [CRR Article 8.2 information requirements](#)
- This document sets out a non-exhaustive list of the information the PRA expects firms to include with an application for a CRR Article 8 liquidity sub-group. It is intended to help firms make their application and gives an indication of the types of issues the PRA will consider on CRR Article 8 applications.
- 10 March [Credit unions reporting - clarifications](#)
- The PRA published a document outlining reporting clarifications following feedback received on the Bank of England's Electronic Data Submission (BEEDS) portal. The document covers three main areas: i) validation and plausibility; ii) completing the return itself; and iii) who to contact with queries. Nothing in the document represents a change in policy from the reporting regime set out in [PS31/16 'Credit union regulatory reporting'](#).
- 9 March [PRA and FCA New banks seminar, 9 June – registration closes Friday 7 April 2017](#)
- 3 March [Harrowing the ploughed field – Refining the standardised capital regime – speech by Martin Stewart](#)
- The Bank's Director of Banks, Building Societies and Credit Unions, gave a speech at the British Bankers' Association conference: The Challenger and Specialist Banks Landscape in the UK. Over the past two years, the PRA has been carrying out in-depth research into the different types of capital regimes used by UK banks. In the speech, Martin sets out the PRA's conclusions and response following this research, including three specific initiatives.

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

- 20 March [Insurance supervision at the PRA – speech by Sam Woods](#)
- Speaking at London Business School, Sam Woods, the Bank's Deputy Governor for Prudential Regulation and CEO of the PRA explores the PRA's role in maintaining 'a resilient insurance sector which does not pass risks back to policyholders when they crystallise'. Sam's speech coincided with the publication of the report by the Bank's Independent Evaluation Office (IEO) on the PRA's approach to its insurance objective and the PRA's response (see below).
- [The PRA's response to the Independent Evaluation Office's evaluation of the PRA's approach to its insurance objective](#)
- The PRA published its response to [the IEO's report on the PRA's approach to its insurance objective](#). The IEO set out four high level recommendations. The PRA will take forward the IEO's recommendations and is committed to addressing them in a manner consistent with its aim of being an open and accountable regulator that delivers forward-looking, judgement-based supervision.

- 9 March [Updates to National Specific Template \(NST\) firms submission workbook and LOG files](#)  
The PRA published a [document](#) with details of minor reference corrections to the NS.05, NS.07 and NS.09 LOG files and to the NST submission workbook to be read alongside the materials and templates on the [Solvency II – regulatory reporting webpage](#). The corrected NS.05, NS.07 and NS.09 LOG files and updated NST submission workbook have been updated.

### PRA open consultations – closing April 2017

To be aware, there are no consultations closing this month, to view all open consultations as at 3 April 2017, please see [PRA open consultations](#).

### Also in the month

- 27 March [Financial Policy Committee statement from its meeting, 22 March 2017](#)  
[2017 stress test scenarios explained](#)
- 23 March [Brexit and the pound – speech by Ben Broadbent](#)
- 21 March [Banking Standards Board: Worthy of Trust? Law, ethics and culture in banking - opening remarks by Mark Carney](#)
- 17 March [Bank of England FinTech Accelerator launches new community and latest proofs of concept](#)  
[Quarterly Bulletin 2017 Q1](#), including an article on ‘[Potential impacts of autonomous vehicles on the UK insurance sector](#)’.
- 7 March [Watching the watchers: forward-looking assessment and challenge of a central bank’s own financial risks - Speech by Andrew Hauser](#)

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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