

11 FSA019 – Pillar 2 questionnaire

This data, supplemented by other relevant data, will be used to inform the intensity of our risk assessment of a firm, or its group, under the Supervisory Review and Evaluation Process (SREP). It will allow us to reduce supervisory time by helping us to identify those firms with a risk profile for which we will carry out additional individual or thematic work.

Valuation

For the general policy on valuation, please see the relevant provisions in the *EU CRR*.

Currency

You should report in the currency of your annual audited accounts i.e. in either Sterling, Euro, US dollars, Canadian dollars, Swedish Kroner, Swiss Francs or Yen. Figures should be reported in 000s.

Data elements

These are referred to by row first, then by column, so data element 2B will be the element numbered 2 in column B.

1B Does GENPRU 1.2 apply to your firm?

See the rules on Internal Capital Adequacy Assessment in the PRA Rulebook. The answer is either 'Yes' or 'No'.

Subsequent sections are only completed if the answer to 1B is 'Yes'.

2B How much capital do you consider adequate for the nature, scale and complexity of your firm's activities in line with its Internal Capital Adequacy Assessment Process (ICAAP)?

See 2.1 PRA Rulebook. Enter the figure in 000s.

3B What is the actual amount of capital resource that your firm holds at the accounting reference date?

See 2.1 PRA Rulebook. Enter the figure in 000s.

4B Have you documented your ICAAP?

See 13.1 PRA Rulebook. The answer is either 'Yes' or 'No'.

5B When did you last review the ICAAP?

See 3.4 PRA Rulebook. The answer should be in 'ddmmyy' format.

6B Have your external auditors audited your firm's financial statements in the last 12 months?

The answer 'Yes', 'No' or 'Not applicable'. Firms that have a small firm's exemption audit should choose 'not applicable'.

7B If so, has any audit opinion you received in the last year been qualified in any respect?

This question should only be answered if the response to data element 6B was 'Yes'. The answer to this question is either 'Yes' or 'No'.

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8B What is the ratio of dealing errors in relation to the total number of transactions your firm has undertaken in the last 12 months?

See 3.1 PRA Rulebook. This figure should be a percentage to one decimal place.

9B Have you considered your firm's risk appetite when developing its ICAAP?

The answer is either 'Yes' or 'No'.

10B and 11B In your ICAAP, have you considered the impact of an economic downturn on your firm's financial capital, and your business plans?

See 3.1 PRA Rulebook. The answer to each question is either 'Yes' or 'No'.

12A to 23A Is your firm exposed to the risks listed

See 3.1 PR Rulebook. The answer to each question is either 'Yes' or 'No'.

BIPRU limited activity firms and BIPRU limited licence firms that also have to consider a fixed overheads requirement should assess their capital requirements under each of the headings even though their fixed overheads requirement may be higher. *Data element 23A* should include not only any risks other than those separately identified above, but it should also include the *firm's* assessment of how much capital is required to cover the fixed overheads requirement.

12B to 23B If so, what is the amount of capital resource you have allocated to each of them?

For each answer in Column A that is 'Yes', enter the gross amount excluding any management action offsets in column B in 000s.

BIPRU limited activity firms and BIPRU limited licence firms should include in 23B their assessment of the capital required to cover the fixed overheads requirement. A firm may assess that capital to be allocated to cover the fixed overheads requirement is more than one quarter of their annual fixed overheads.

40B Have you calculated the cost of an orderly wind down of the firm's business?

The answer is either 'Yes' or 'No'. Examples of factors to consider include costs of transferring clients and any client assets, liquidating/closing any positions etc.

41B What length of time have you calculated it will take you to orderly wind down?

If the answer to data element 40B is 'Yes', enter the number of months here in digits. Examples of factors to consider include the time it takes to transfer clients and any client assets, liquidating/closing any positions etc.

42B What is the gross cost to your firm of a wind down?

If the answer to data element 40B is 'Yes', enter the amount here in 000s. This is the total cost of winding down excluding any offsets from revenue/income gained during the wind down period.

43B What is the net cost to your firm of a wind down?

If the answer to data element if 40B is 'Yes', enter the amount here in 000s. This is the total cost of winding down including any offsets from revenue/income gained during the wind down.

24B Does your firm have any professional indemnity insurance?

The answer is either 'Yes' or 'No'.

25B If so, what is the limit of the indemnity in the aggregate?

If the answer to data element 24B is 'Yes', enter the amount here in 000s.

26B What is the largest single claim that can be made on the insurance cover?

If the answer to data element 24B is 'Yes', enter the amount here in 000s.

44B What is the policy excess amount for any single claim?

If the answer to data element 24B is 'Yes', enter the amount here in 000s.

27B What is the credit rating of the lead underwriter?

Only answer if you answered 'Yes' to data element 24B. This is a text field to accept any value.

28B In your firm's ICAAP, do you take account of the results of stress tests?

The answer is either 'Yes' or 'No'.

29B Does your firm deduct illiquid assets as set out in GENPRU 2.2.17R to GENPRU 2.2.19R?

The answer is either 'Yes' or 'No'.

30B Does your firm have sufficient liquidity to meet your liabilities as they fall due in the circumstances of an orderly wind down?

See 3.1 PRA Rulebook. The answer is either 'Yes' or 'No'.

31B Report the amount of illiquid assets.

This number should be entered in integers.

32B Do you use credit risk mitigation techniques?

See 3.1 PRA Rulebook. The answer is either 'Yes' or 'No'.

33B If so, have you considered in your ICAAP the fact that those techniques may not fully work as anticipated?

This is only relevant if you answered 'Yes' to data element 32B. See 3.1 PRA Rulebook. The answer is either 'Yes' or 'No'.

34B Have you securitised assets in the last 12 months?

See 3.1 PRA Rulebook. The answer is either 'Yes' or 'No'.

35B Do you use an internal model to calculate your regulatory market risk?

. The answer is either 'Yes' or 'No'.

36B If so, have you taken the results of the market risk stress tests in your ICAAP into account?

This is only relevant if you answered 'Yes' to data element 35B. The answer is either 'Yes' or 'No'.

37B Report the result of a 200 basis point shock to interest rate on your firm's economic value.

See 9.1 and 9.2 PRA Rulebook. Enter the figure in 000s.

38B Does the result of the above stress test exceed 20% of your capital resources?

See 9.2 PRA Rulebook. The answer to this is either 'Yes' or 'No'.

39B Would the valuation adjustments required under GENPRU 1.3.35G enable you to sell out of hedge your firm's positions within a short period without incurring material losses under normal market conditions?

The answer to this is either 'Yes' or 'No'.

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Internal validations

There are no validations for this data item.