

Supervisory Statement | SS32/15

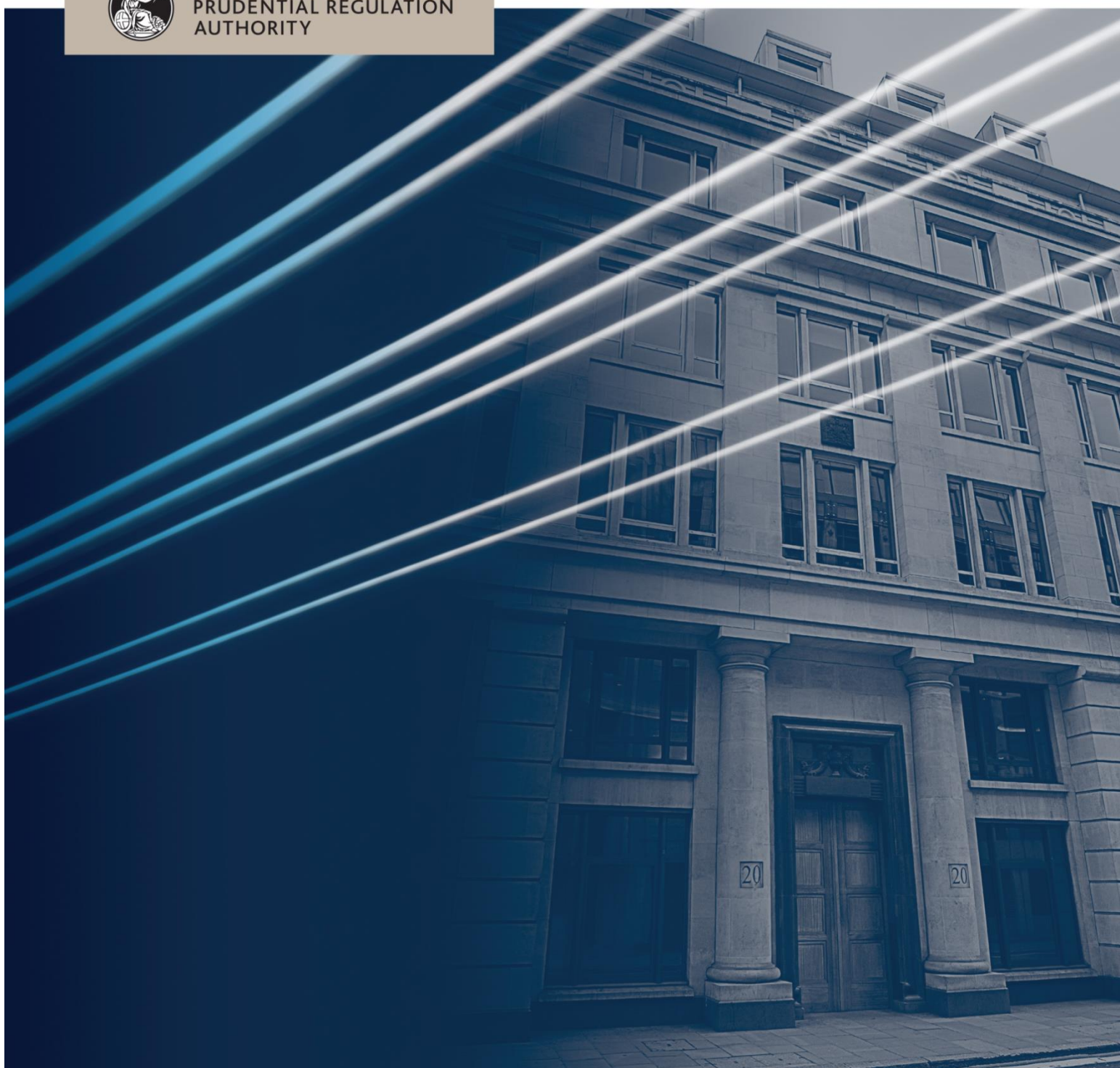
Pillar 2 reporting, including instructions for completing data items FSA071 to FSA082, and PRA111

December 2020

(Updating December 2018)



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1 Introduction

1.1 This supervisory statement is of interest to banks, building societies and Prudential Regulation Authority (PRA) designated investment firms. It sets out the PRA's expectations of firms and provides further clarity on Pillar 2 reporting.¹

1.2 This supervisory statement should be read alongside the Policy Statement 17/15,² which includes the Reporting Pillar 2 part of the PRA Rulebook, and the Statement of Policy on Pillar 2.³

1.3 The reader is also referred to:

- Appendix 1: Guidance on terms used in data items FSA071 to FSA082, and PRA111;
- Appendix 2: Pillar 2 Reporting schedule; and
- Appendix 3: Instructions for completing data items FSA071 to FSA082, and PRA111.

2 Reporting Pillar 2

2.1 In Reporting Pillar 2:

- 'significant firm' means a deposit-taker or designated investment firm whose size, interconnectedness, complexity and business type give it the capacity to cause very significant disruption to the UK financial system (and through that to economic activity more widely) by failing or by carrying on its business in an unsafe manner;
- 'illiquid risk' refers to positions in the trading or available-for-sale books that are illiquid, concentrated or one-way. To this purpose, illiquid positions are those that cannot be liquidated or immunised within a ten-day period in a stressed market environment without materially affecting market prices. Firms will be expected to identify illiquid, concentrated and one-way positions using the firms' own criteria, methods and standards.

2.2 Firms are required under the Reporting Pillar 2 part of the PRA Rulebook to report Pillar 2 data to the PRA.

2.3 This information, together with data already collected in other regulatory reports, allows the PRA to assess a firm's Internal Capital Adequacy Assessment Process (ICAAP) and to calculate capital benchmarks for Pillar 2 risks. The data collection covers:

- the results of the Pillar 2 capital methodologies calculated by firms;
- data that are used by the PRA to process the Pillar 2A capital methodologies;
- data that allow supervisors to verify the calculation of the Pillar 2A capital methodologies;
- data that allow supervisors to assess firms' stress test results and facilitate the calculation of the PRA buffer; and

1 This supervisory statement was previously updated in 2016 and 2017. See the annex for details.

2 Supervisory Statement 31/15, 'The Internal Capital Adequacy Assessment Process (ICAAP) and the Supervisory Review and Evaluation Process (SREP)', February 2017: www.bankofengland.co.uk/pr/Pages/publications/ss/2017/ss3115update.aspx.

3 www.bankofengland.co.uk/pr/Pages/publications/sop/2017/p2methodologiesupdate.aspx.

- data that provide additional information on the nature and scale of the Pillar 2 risks to which a firm is exposed.

2.4 If a firm has already reported by other means, for example via the Stress Testing Data Framework (STDF), a data item that is specified in FSA080 for market risk, FSA072 and FSA073 for operational risk or FSA081 for pension risk, the firm is not required to submit it.

2.5 Firms may be asked to submit, on a case-by-case basis, further data where these are necessary to inform the PRA's Pillar 2 methodology and supervision of the firm. These may include:

- data on operational risk from firms that are not significant firms and are using a standardised approach to calculate their Pillar 1 capital requirement for operational risk; and
- more granular pension risk data of the kind needed for FSA081 from all firms; and
- data item PRA111 on stress testing.⁴

2.6 The content of additional reports may be tailored to the particular firm situation, with firms being given sufficient notice to comply.

2.7 The PRA has developed data items for firms to use when reporting Pillar 2 data. The data items and the related instructions should be read in conjunction with the Statement of Policy on Pillar 2A methodologies. Hyperlinks to data items and related instructions are available in Appendix 2 of this supervisory statement and on the PRA section of the Bank of England's website.⁵

2.8 Firms are required to return the data items in conjunction with their ICAAP submission. Frequency of submission will depend on the frequency of ICAAP submission.

4 Firms with total assets equal to or greater than £5 billion at the relevant level of consolidation used as the basis of their ICAAP are required to submit this template in accordance with Rule 2.9 of the Reporting Pillar 2 Part of the PRA Rulebook.

5 Data items and related instructions are available at: <https://www.bankofengland.co.uk/prudential-regulation/regulatory-reporting/regulatory-reporting-banking-sector>.

Appendices

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- 1 Guidance on terms used in data items FSA071 to FSA082, and PRA111 available at www.bankofengland.co.uk/prudential-regulation/regulatory-reporting/regulatory-reporting-banking-sector

 - 2 Pillar 2 Reporting schedule available at www.bankofengland.co.uk/prudential-regulation/regulatory-reporting/regulatory-reporting-banking-sector

 - 3 Instructions for completing data items FSA071 to FSA082, and PRA111

Appendix 3 Instructions for completing data items FSA071 to FSA082, and PRA111

Name		Data items	Instructions
FSA071	Firm information and Pillar 2A summary	https://www.bankofengland.co.uk/-/media/boe/files/prudential-regulation/regulatory-reporting/banking/fsa-data-items/fsa071-firm-information-and-p2a-summary-template-rf-dec18.xltx	https://www.bankofengland.co.uk/-/media/boe/files/prudential-regulation/regulatory-reporting/banking/fsa-data-items/fsa071-firm-information-and-pillar-2a-summary-and-instructions-december-2018.pdf
FSA072	Pillar 2 Operational risk historical losses	https://www.bankofengland.co.uk/prudential-regulation/regulatory-reporting/-/media/boe/files/prudential-regulation/regulatory-reporting/banking/fsa-data-items/fsa072-data-item.xls	https://www.bankofengland.co.uk/-/media/boe/files/prudential-regulation/regulatory-reporting/banking/fsa-data-items/fsa072instructionsdec18.pdf
FSA073	Pillar 2 Operational risk historical loss details	https://www.bankofengland.co.uk/prudential-regulation/regulatory-reporting/-/media/boe/files/prudential-regulation/regulatory-reporting/banking/fsa-data-items/fsa073-data-item.xls	https://www.bankofengland.co.uk/-/media/boe/files/prudential-regulation/regulatory-reporting/banking/fsa-data-items/fsa073instructionsdec18.pdf
FSA074	Pillar 2 Operational risk forecast losses	https://www.bankofengland.co.uk/prudential-regulation/regulatory-reporting/-/media/boe/files/prudential-regulation/regulatory-reporting/banking/fsa-data-items/fsa074-data-item.xls	https://www.bankofengland.co.uk/-/media/boe/files/prudential-regulation/regulatory-reporting/banking/fsa-data-items/fsa074instructionsdec18.pdf
FSA075	Pillar 2 Operational risk scenario data	https://www.bankofengland.co.uk/prudential-regulation/regulatory-reporting/-/media/boe/files/prudential-regulation/regulatory-reporting/banking/fsa-data-items/fsa075-data-item.xls	https://www.bankofengland.co.uk/-/media/boe/files/prudential-regulation/regulatory-reporting/banking/fsa-data-items/fsa075instructionsdec18.pdf
FSA076	Pillar 2 Credit risk standardised approach wholesale	https://www.bankofengland.co.uk/-/media/boe/files/prudential-regulation/regulatory-reporting/banking/fsa-data-items/fsa076dec18.xltx	https://www.bankofengland.co.uk/-/media/boe/files/prudential-regulation/regulatory-reporting/banking/fsa-data-items/fsa076instructionsdec18.pdf
FSA077	Pillar 2 Credit risk standardised approach retail	https://www.bankofengland.co.uk/-/media/boe/files/prudential-regulation/regulatory-reporting/banking/fsa-data-items/fsa077dec18.xltx	https://www.bankofengland.co.uk/-/media/boe/files/prudential-regulation/regulatory-reporting/banking/fsa-data-items/fsa077instructionsdec18.pdf
FSA078	Pillar 2 Concentration risk minimum data requirements	https://www.bankofengland.co.uk/-/media/boe/files/prudential-regulation/regulatory-reporting/banking/fsa-data-items/fsa078dec18.xltx	https://www.bankofengland.co.uk/-/media/boe/files/prudential-regulation/regulatory-reporting/banking/fsa-data-items/fsa078instructionsdec18.pdf
FSA079	Pillar 2 Concentration risk additional data requirements	https://www.bankofengland.co.uk/-/media/boe/files/prudential-regulation/regulatory-reporting/banking/fsa-data-items/fsa079dec20.xltx	https://www.bankofengland.co.uk/-/media/boe/files/prudential-regulation/regulatory-reporting/banking/fsa-data-items/fsa079instructionsdec20.pdf
FSA080	Pillar 2 Market risk	https://www.bankofengland.co.uk/prudential-regulation/regulatory-reporting/-	https://www.bankofengland.co.uk/-/media/boe/files/prudential-regulation/regulatory-reporting/-

		/media/boe/files/prudential-regulation/regulatory-reporting/banking/fsa-data-items/fsa080-data-item.xls	reporting/banking/fsa-data-items/fsa080instructionsdec18.pdf
FSA081	Pillar 2 Pension risk	https://www.bankofengland.co.uk/-/media/boe/files/prudential-regulation/regulatory-reporting/banking/fsa-data-items/fsa081dec18.xltx	https://www.bankofengland.co.uk/-/media/boe/files/prudential-regulation/regulatory-reporting/banking/fsa-data-items/fsa081instructionsdec18.pdf
FSA082	Pillar 2 Credit risk IRB retail	https://www.bankofengland.co.uk/-/media/boe/files/prudential-regulation/regulatory-reporting/banking/fsa-data-items/fsa082dec18.xltx	https://www.bankofengland.co.uk/-/media/boe/files/prudential-regulation/regulatory-reporting/banking/fsa-data-items/fsa082instructionsdec18.pdf
PRA111	Pillar 2 ICAAP Stress Testing Data	www.bankofengland.co.uk/-/media/boe/files/prudential-regulation/regulatory-reporting/banking/pr111-data-item.xlsx	https://www.bankofengland.co.uk/-/media/boe/files/prudential-regulation/consultation-paper/2017/cp2517app.zip

*A mapping table for data items FSA076 to FSA077 is available at www.bankofengland.co.uk/pr111/Documents/crdiv/mappingforpillar2creditriskdataitems.pdf

Annex SS32/15 updates

This annex details the changes that have been made to this SS following its initial publication in July 2015 following Policy Statement 17/15 'Assessing capital adequacy under Pillar 2'.⁶

2020

December 2020

Following publication of Policy Statement 26/20 'Capital Requirements Directive V (CRDV)',⁷ this SS was updated to reflect amendments to the reporting requirements for data items FSA079 and to the instructions for FSA079. The effective date for these data items and instructions is 29 December 2020.

2018

5 December 2018

Following publication of Policy Statement 30/18 'Regulatory Reporting: Responses to CP16/18',⁸ this Supervisory Statement (SS) was updated to reflect amendments to the reporting requirements for data items FSA071, FSA076-079 and FSA081-082, and to the instructions for FSA071-FSA082, to reflect their application to ring-fenced bodies. The effective date for these data items and instructions is 1 January 2019.

30 April 2018

Following publication of Policy Statement 8/18 'Pillar 2: update to reporting requirements',⁹ this Supervisory Statement (SS) was updated to reflect amendments to the reporting requirements. These include the introduction of data item PRA111 to capture stress testing data included in firms' Internal Capital Adequacy Assessment Process (ICAAP) documents and a reduction in the frequency of reporting of the data items in the Reporting Pillar 2 Part of the PRA Rulebook ('Pillar 2 data items') for some firms. These amendments can be found in paragraphs 1.3, 2.3, 2.5 and 2.8.

Guidance on terms used in data items (Appendix 1), Pillar 2 reporting schedule (Appendix 2) and Instructions for completing data items (Appendix 3) have also been amended to reflect these changes. The amendments will be effective from Monday 1 October 2018.

The PRA has made amendments to the SS (paragraph 2.4) to reflect a nomenclature change from Firm Data Submission Framework (FDSF) to Stress Testing Data Framework (STDF).

2017

3 October 2017

Following publication of Policy Statement 22/17 'Refining the PRA's Pillar 2A capital framework',¹⁰ this SS was updated to reflect amendments to the reporting requirements for data items FSA076 and FSA077 to remove reference to reporting on an ad hoc or case-by-case basis. These amendments can be found in paragraph 2.5.

Reporting instructions and Pillar 2 reporting schedule have also been amended to reflect these changes.

1 February 2017

⁶ www.bankofengland.co.uk/pr/Pages/publications/ps/2015/ps1715.aspx.

⁷ December 2020: <https://www.bankofengland.co.uk/prudential-regulation/publication/2020/capital-requirements-directive-v-further-implementation>.

⁸ December 2018: <https://www.bankofengland.co.uk/prudential-regulation/publication/2018/regulatory-reporting-occasional-consultation-paper>.

⁹ www.bankofengland.co.uk/prudential-regulation/publication/2017/pillar-2-update-to-reporting-requirements.

¹⁰ www.bankofengland.co.uk/pr/Pages/publications/ps/2017/ps2217.aspx.

Following publication of Policy Statement 3/17 'The implementation of ring-fencing: reporting and residual matters – response to CP25/16 and Chapter 5 of CP36/16',¹¹ this SS was updated to reflect amendments to the FSA071 Pillar 2A reporting template and guidelines for reporting requirements applying to ring-fenced bodies in respect of RFB group risk. The effective date for these forms and guidelines is 1 January 2019.

2016

29 January 2016

Following publication of Policy Statement 3/16 'Pillar 2: Update to reporting data items and instructions',¹² the SS was updated to provide further clarity to aid the completion of the Pillar 2 data items and to facilitate their collection.

¹¹ www.bankofengland.co.uk/pr/Pages/publications/ps/2017/ps317.aspx.

¹² www.bankofengland.co.uk/pr/Pages/publications/ps/2016/ps316.aspx.