

Policy Statement | PS15/16

Liquidity: switch from FSA returns to ALMM returns

April 2016



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This policy statement contains amendments to the PRA Rulebook to remove the requirement on firms to report certain legacy Financial Services Authority (FSA) liquidity returns.

1 Overview

1.1 This Policy Statement (PS) follows PS11/15 'CRD IV: Liquidity' and finalises the date of changes to liquidity reporting rules to end the reporting of data items FSA050-053 ahead of the introduction of EU requirements to report additional liquidity monitoring metrics (ALMM). These changes will take effect from 22 April 2016.

1.2 This PS is relevant to banks, building societies and PRA-designated investment firms.

1.3 The PRA consulted on updating its liquidity reporting regime in November 2014 in CP27/14 'CRD IV: Liquidity'.¹ These proposals were then finalised in PS11/15,² which stated that reporting of FSA050, FSA051, FSA052 and FSA053 would no longer be required from the later of: i) October 2015 or ii) the dates that their corresponding ALMM returns (respectively C71.00, C67.00, C69.00 and C68.00) must first be reported. Given the uncertainty around the introduction of the ALMM returns, the date for implementing these amendments to PRA rules was left to be specified by the PRA at a later date. The PRA now specifies the date from which the relevant legacy FSA reports are no longer required as 22 April 2016.

1.4 It is worth noting that CP27/14 consulted on amendments to the Supervision Manual (SUP) of the PRA Handbook, which has now been incorporated into the Regulatory Reporting Part of PRA Rulebook. The PRA consulted on this migration of reporting rules from the Handbook to the Rulebook in CP17/15 'The PRA Rulebook: Part 3',³ which was subsequently finalised in PS19/15 'The PRA Rulebook: Part 3'.⁴

1.5 As a result of the amendments to the PRA's reporting rules, firms will not have to report both sets of returns simultaneously. The European Commission has published finalised requirements on ALMM reporting: the first reporting date for returns C67.00, C68.00, C69.00 and C71.00 will be 30 April for large firms, and 30 June for small firms.⁵ Following PS11/15, the rules that require reporting of FSA050, FSA051, FSA052 and FSA053 will therefore be deleted from the Regulatory Reporting Part of the PRA Rulebook on 22 April.

1.6 The PRA is required by the Financial Services and Markets Act 2000 (FSMA) to have regard to any representations made to the proposals in a consultation, to publish an account, in general terms, of those representations and its response to them, and to publish details of any significant differences in the rules as made. The PRA consulted on the amendment and its approach to specifying the date of implementation in CP27/14. There were no responses relevant to the precise date of switching off these reports. However there were responses to the PRA's planned approach, which were acknowledged in PS11/15.

1.7 The PRA is required by FSMA to publish a statement on the impact of rules on mutuals where the final rule differs from the draft of the proposed rule.⁶ The final rule only differs from the proposed rule in that the date of application is now specified. The PRA does not expect this to have a different impact on mutuals compared to other firms.

1 PRA Consultation Paper 27/14 'CRDIV: Liquidity', November 2014, www.bankofengland.co.uk/pr/Pages/publications/cp/2014/cp2714.aspx

2 PRA Policy Statement 11/15 'CRDIV: Liquidity', June 2015, www.bankofengland.co.uk/pr/Pages/publications/ps/2015/ps1115.aspx

3 PRA Consultation Paper 17/15 'The PRA Rulebook: Part 3', April 2015, www.bankofengland.co.uk/pr/Pages/publications/cp/2015/cp1715.aspx

4 PRA Policy Statement 19/15 'The PRA Rulebook: Part 3', August 2015, www.bankofengland.co.uk/pr/Pages/publications/ps/2015/ps1915.aspx

5 See http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=uriserv:OJ.L_.2016.060.01.0005.01.ENG&toc=OJ:L:2016:060:TOC for definition of large / small firms.

6 Section 138K of FSMA.

Appendices

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- 1 PRA RULEBOOK: ENACTING REGULATORY REPORTING AMENDMENT INSTRUMENT
2016 available at
www.bankofengland.co.uk/pru/Pages/publications/ps/2016/ps1516.aspx**
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