

Jurisdiction: **United Kingdom**

2015 IMN Survey of National Progress in the Implementation of G20/FSB Recommendations

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No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
I. Hedge funds					
1 (2)	Registration, appropriate disclosures and oversight of hedge funds	<p>We also firmly recommitted to work in an internationally consistent and non-discriminatory manner to strengthen regulation and supervision on hedge funds. (Seoul)</p> <p>Hedge funds or their managers will be registered and will be required to disclose appropriate information on an ongoing basis to supervisors or regulators, including on their leverage, necessary for assessment of the systemic risks they pose individually or collectively. Where appropriate registration should be subject to a minimum size. They will be subject to oversight to ensure that they have adequate risk management. (London)</p>	<p>Jurisdictions should indicate the progress made in implementing the high level principles contained in IOSCO's Report on Hedge Fund Oversight (Jun 2009). In particular, jurisdictions should specify whether:</p> <ul style="list-style-type: none"> - Hedge Funds (HFs) and/or HF managers are subject to mandatory registration - Registered HF managers are subject to appropriate ongoing requirements regarding: <ul style="list-style-type: none"> • Organisational and operational standards; • Conflicts of interest and other conduct of business rules; • Disclosure to investors; and • Prudential regulation. 	<p><input type="checkbox"/> Not applicable</p> <p><input type="checkbox"/> Applicable but no action envisaged at the moment</p> <p><input type="checkbox"/> Implementation ongoing:</p> <p><i>Status of progress :</i></p> <p><input type="checkbox"/> Draft in preparation, expected publication by:</p> <p><input type="checkbox"/> Draft published as of:</p> <p><input type="checkbox"/> Final rule or legislation approved and will come into force on:</p> <p><input type="checkbox"/> Final rule (for part of the reform) in force since :</p> <p><input checked="" type="checkbox"/> Implementation completed as of: Hedge fund managers were already subject to regulation/oversight prior to the 2007/8 crisis but this has been codified at European level through the AIFMD which was transposed into UK law in 2013.</p> <p>Issue is being addressed through :</p> <p><input checked="" type="checkbox"/> Primary / Secondary legislation</p> <p><input checked="" type="checkbox"/> Regulation /Guidelines</p> <p><input checked="" type="checkbox"/> Other actions (such as supervisory actions), please specify:</p> <p>Supervisory action and surveys (UK FCA Hedge Fund Survey)</p> <p>Short description of the content of the legislation/ regulation/guideline:</p> <p>Hedge fund managers are subject to</p>	<p>If this recommendation has not yet been fully implemented, please provide reasons for delayed implementation:</p> <p>Planned actions (if any) and expected commencement date:</p> <p>Web-links to relevant documents:</p> <p>http://www.fca.org.uk/static/documents/hedge-fund-survey.pdf Link to the European Commission's page on AIFMD</p> <p>http://ec.europa.eu/finance/investment/alternative_investments/index_en.htm Link to the UK transposition of AIFMD rules: https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/198211/aifm_regulations_090513.pdf Link to FUND Sourcebook, which is where the FCA has transposed AIFMD: https://fshandbook.info/FS/html/FCA/FUND</p>

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				<p>supervision by the Financial Conduct Authority (hereafter the FCA). In addition, the FCA (following its predecessor, the Financial Services Authority (FSA)) undertakes a biannual survey of hedge fund managers (comprising 50 of the largest UK-based managers) to help assess potential systemic risks to financial stability from hedge funds. Survey data is used to examine in particular: - the size of funds' 'footprints' in the market, including measures of leverage and risk; - the scale of any asset and liability mismatch; - substantial market or asset class concentration and liquidity issues; and - credit counterparty risks between hedge funds and other market participants. Within the EU, the Alternative Investment Fund Managers Directive (AIFMD) requires substantially more transparency to be provided by hedge fund managers (and other non-UCIT fund managers) on their hedge funds. It is the FCA's objective that the AIFMD framework will supersede domestic exercises such as the FCA Hedge Fund Survey. The aim is to always improve the efficiency of data gathering, enlarge the perimeter and</p>	

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				<p>automate processes.</p> <p>Highlight main developments since last year's survey:</p> <p>The FCA successfully released the last public report on the Hedge Fund Survey in June 2015, with data as at September 2014.</p> <p>Web-links to relevant documents:</p> <p>http://www.fca.org.uk/static/documents/hedge-fund-survey.pdf Link to the European Commission's page on AIFMD</p> <p>http://ec.europa.eu/finance/investment/alternative_investments/index_en.htm Link to the UK transposition of AIFMD rules: https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/198211/aifm_regulations_090513.pdf Link to our FUND Sourcebook, which is where the FCA has transposed AIFMD: https://fshandbook.info/FS/html/FCA/FUND</p> <p>Additional questions:</p> <p>1. Please indicate whether Hedge Funds (HFs) are domiciled locally and, if available, the size of the industry in terms of Assets under Management and number of HFs.</p> <p>There are 19 hedge funds domiciled in the UK, managing \$3.9bn (Q1 2015).</p>	

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				<p>There are many more hedge funds operating in the UK that are domiciled elsewhere.</p> <p>2. Please specify the main criteria and numerical thresholds (if applicable) for subjecting HFs and/or HF managers to mandatory registration.</p> <p>The FCA understands ‘registration’ in this instance to mean ‘authorisation’. In the UK, a hedge fund manager with a Part 4A permission (permission given by the FCA) of managing a fund (AIF) will be either: a full-scope UK manager, or a small authorised UK manager of an unauthorised fund. This is because AIFMD provides that a manager who is the manager of portfolios of funds that have assets under management below certain thresholds is subject to limited requirements under the AIFMD, subject to the right of the EEA state to impose stricter requirement. (“portfolios of AIFs whose assets under management, calculated in accordance with Article 2 of the European Commission Delegated Regulation— (a) do not exceed 500 million euros in total in cases where the portfolios of AIFs consist of AIFs that are unleveraged and have no redemption rights exercisable during a period of 5</p>	

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				<p>years following the date of initial investment in each AIF; or (b) do not exceed 100 million euros in total in other cases, including any assets acquired through the use of leverage. For the purposes of paragraph (1), an AIFM may be the AIFM of an AIF whether it manages the AIF directly, or indirectly through a company with which the AIFM is linked by common management or control, or by a substantive direct or indirect holding. The FCA has adopted stricter requirements and requires those ‘below threshold’ managers to also be authorised under its rules. This means these managers are not subject to the full rules of AIFMD (as per Article 3 ‘exemptions’ but are still supervised by the FCA for carrying on the regulated activity of ‘managing an AIF and must therefore meet the FCA national requirements:</p> <p>http://fshandbook.info/FS/html/handbook/FUND/1/3 For hedge fund managers that are above the thresholds as explained above, a hedge fund manager that wishes to be authorised by the FCA must meet the requirements set out in Chapter II ‘authorisation of AIFM’s under the AIFMD.</p>	

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				<p>3. Please specify whether registered HF managers are subject to ongoing requirements regarding organisational and operational standards; conflicts of interest and other conduct of business rules; disclosure to investors; and prudential regulation. If any of these requirements are not applicable, please explain.</p> <p>Hedge fund managers authorised as per AIFMD requirements are subject to requirements regarding operational and organisational standards (Article 18). They must, at all times, have adequate and appropriate human and technical resources for the proper management of their funds. They must have sound administrative and accounting procedures, control and safeguard arrangements in place for electronic data processing and adequate internal control mechanisms. The FCA, as supervisory authority, is responsible for ensuring these requirements are met. Hedge fund managers are also subject to own funds requirements as per Article 9 of the AIFMD and article 21 of the European Directive on the capital adequacy of investment firms and credit institutions: As per AIFMD article 9, the NCA may authorise the manager not to provide up to 50% of the additional amount of own</p>	

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				<p>funds if they benefit from a guarantee of the same amount given by a credit institution or an insurance undertaking which has its registered office in an EU member state or in a third country which has equivalent prudential rules. Article 9 also lays down the requirements to cover potential professional liability risks. Hedge fund managers authorised as per AIFMD requirements are subject to ongoing requirements regarding conflicts of interest: As per Article 14 of AIFMD, a hedge fund manager is required to take all reasonable steps to identify conflicts of interest that arise in the course of managing funds between: the hedge fund manager and its funds or investors; between clients, or between funds. Managers must maintain and operate effective organisational and administrative arrangements to ensure they can take reasonable steps to identify, prevent, manage and monitor conflicts of interest in order to prevent them from adversely affecting the interests of the funds and their investors. If these arrangements are not sufficient to ensure, with reasonable confidence, that risks of damage to investor’s interests will be prevented, the manager must disclose the</p>	

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				<p>general nature or sources of conflicts of interest to the investors before they undertake business. Hedge fund managers authorised as per AIFMD requirements are subject to ongoing requirements regarding conduct of business (remuneration, risk management, valuation and disclosure to the FCA). FUND 3.4 Reporting obligations to the FCA (http://fshandbook.info/FS/html/handbook/FUND/3/4) – sets out the requirements under the AIFMD as applied by the FCA. FCA rules FUND 3.7 (http://fshandbook.info/FS/html/handbook/FUND/3/7) apply the AIFM Directive Requirements as regards to risk management. Hedge fund managers must also have valuation procedures in place for the funds they manage. The rules can be found at: http://fshandbook.info/FS/html/handbook/FUND/3/9 Hedge Fund managers must also respect rules regarding information to be disclosed to investors. The list of requirements can be found here: https://fshandbook.info/FS/html/handbook/FUND/3/2 The fund manager, for funds marketed in the EEA, must also respect rules relating to periodic</p>	

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				<p>disclosure. For example, they must disclose periodically to the investors the percentage of the funds assets that are subject to special arrangements arising from their illiquid nature (e.g. side pockets), any new arrangements for managing the liquidity of the fund and the current risk profile of the fund and the risk management systems employed by the manager. For leveraged funds marketed in the EEA, the manager must also disclose any changes to the maximum level of leverage employed and any right of reuse of collateral or any guarantee granted under the leveraging arrangements – as well as the total amount of leverage employed by the fund. Hedge fund managers must also provide investors with an annual report for onshore funds and off shore funds marketed in the EEA. The contents of the annual report can be found here: https://fshandbook.info/FS/html/handbook/FUND/3/3</p> <p>4. Please describe the main challenges (where relevant) and any lessons learned in implementing this reform.</p> <p>The data received via AIFMD reporting, together with other data received through reporting requirements under European</p>	

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				<p>legislation such as EMIR, will provide the FCA with a deeper knowledge of the alternative fund/hedge fund sector. The FCA's initial evaluation of the data received through the AIFMD reporting requirements has also highlighted the need to improve the quality and the consistency of the data. Therefore, the FCA will engage actively with firms to improve the data and expect to be making progressively better use of it. The FCA is also aware of the challenges that may exist in the engagement with other NCAs, both at EU and non-EU level, when sharing currently available Information, but it will be looking to make more use of the MMOUs that are in place once we are more confident in our ability to extract the most relevant and useful data. It is still early to think about lessons learned in dealing with the data received thanks to the AIFMD. The FCA is currently in the process of analysing the large amounts of data firms send to measure its value and the best way to use it. As this work progresses and best practices are identified, further lessons may be learned.</p> <p>5. Are you monitoring the effects of this reform in your jurisdiction? If yes, please share the main findings and</p>	

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				<p>any related policy initiatives in response to those findings.</p> <p>The FCA intends to use the data it receives under the AIFMD reporting obligations in first instance for its supervisory work. Data should inform about the size of sector activities and their risk profiles, and – over time – help identify trends and assess and monitor different types of risks. This includes any systemic risks that may emanate from the sector. In future our work on improving the quality of the data and our insights should allow ESMA to aggregate and analyse all AIFMD data on the European level, as per AIFMD requirements, and develop an overall view of the European market as well as its potential wider risks. However, a fuller review of AIFMD and the monitoring of its wider effects remain a matter for the European Commission because of the need to ensure consistency across the European market</p>	

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2 (3)	Establishment of international information sharing framework	We ask the FSB to develop mechanisms for cooperation and information sharing between relevant authorities in order to ensure effective oversight is maintained when a fund is located in a different jurisdiction from the manager. We will, cooperating through the FSB, develop measures that implement these principles by the end of 2009. (London)	<p>Jurisdictions should indicate the progress made in implementing the high level principles in IOSCO’s Report on Hedge Fund Oversight (Jun 2009) on sharing information to facilitate the oversight of globally active fund managers.</p> <p>In addition, jurisdictions should state whether they are:</p> <ul style="list-style-type: none"> - Signatory to the IOSCO MMoU - Signatory to bilateral agreements for supervisory cooperation that cover hedge funds and are aligned to the 2010 IOSCO Principles Regarding Cross-border Supervisory Cooperation. 	<p><input type="checkbox"/> Not applicable</p> <p><input type="checkbox"/> Applicable but no action envisaged at the moment</p> <p><input type="checkbox"/> Implementation ongoing:</p> <p><i>Status of progress:</i></p> <ul style="list-style-type: none"> <input type="checkbox"/> Draft in preparation, expected publication by: <input type="checkbox"/> Draft published as of: <input checked="" type="checkbox"/> Final rule or legislation approved and will come into force on: <input type="checkbox"/> Final rule (for part of the reform) in force since : <p><input checked="" type="checkbox"/> Implementation completed as of: Ongoing information sharing through bilateral MoUs, and separately with FSB, IOSCO and now also ESMA (AIFMD).</p> <p>Issue is being addressed through :</p> <ul style="list-style-type: none"> <input checked="" type="checkbox"/> Primary / Secondary legislation <input checked="" type="checkbox"/> Regulation /Guidelines <input checked="" type="checkbox"/> Other actions (such as supervisory actions), please specify: <p>The FCA has bilateral information sharing arrangements covering various major centres in which funds are located.</p> <p>Short description of the content of the legislation/ regulation/guideline:</p> <p>The FCA has an extensive set of information sharing gateways which can be used to facilitate information</p>	<p>If this recommendation has not yet been fully implemented, please provide reasons for delayed implementation:</p> <p>N/A</p> <p>Planned actions (if any) and expected commencement date:</p> <p>N/A</p> <p>Web-links to relevant documents:</p>

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				<p>exchange with other regulatory authorities in respect of regulated asset managers (including hedge fund managers). Internationally, the FCA works with IOSCO and shares aggregated hedge fund data across global jurisdictions with other regulators.</p> <p>Highlight main developments since last year's survey:</p> <p>Through ESMA, the FCA (as other EU regulators) has established MoUs with a series of non-EU jurisdictions to ensure appropriate exchange of information that allows the EU jurisdiction to carry out its duties in accordance with the AIFMD. This is to allow the FCA (and other EU regulators) to ensure they can effectuate their supervisory duties on entities that impact their market. Delegated Regulation 231/2013 of the European Commission, chapter V "Transparency Requirements, Leverage, Rules Relating To Third Countries And Exchange Of Information On The Potential Consequences Of AIFM Activity", specifically Section 3 on specific rules relating to third countries set out the requirements that cooperation arrangements between EU and non-EU</p>	

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				<p>jurisdictions should cover, including the mechanisms and instruments necessary to allow the EU jurisdiction to cover its supervisory duties. This section also covers the exchange of information on the potential systemic risk caused by AIFMs. IOSCO is furthering information sharing on asset management in general and HFs in particular. In October 2013, IOSCO released the second report on the Global HF Survey with data as at September 2012. A third data collection effort started in 2014, which the FCA is actively engaged in. Results of this exercise will be discussed at IOSCO level in Q4 2015.</p> <p>Web-links to relevant documents:</p>	

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3 (4)	Enhancing counterparty risk management	<p>Supervisors should require that institutions which have hedge funds as their counterparties have effective risk management, including mechanisms to monitor the funds' leverage and set limits for single counterparty exposures. (London)</p> <p>Supervisors will strengthen their existing guidance on the management of exposures to leveraged counterparties. (Rec. II.17, FSF 2008)</p>	<p>Jurisdictions should indicate specific policy measures taken for enhancing counterparty risk management and strengthening their existing guidance on the management of exposure to leveraged counterparties.</p> <p>In particular, jurisdictions should indicate whether they have implemented principle 2.iii of IOSCO Report on Hedge Fund Oversight (Jun 2009). Jurisdictions should also indicate the steps they are taking to implement the new standards on equity exposures (Capital requirements for banks' equity investments in funds, Dec 2013) by 1 January 2017.</p> <p>For further reference, see also the following documents :</p> <ul style="list-style-type: none"> • BCBS Sound Practices for Banks' Interactions with Highly Leveraged Institutions (Jan 1999) • BCBS Banks' Interactions with Highly Leveraged Institutions (Jan 1999) 	<p><input type="checkbox"/> Not applicable</p> <p><input type="checkbox"/> Applicable but no action envisaged at the moment</p> <p><input type="checkbox"/> Implementation ongoing:</p> <p><i>Status of progress:</i></p> <p><input checked="" type="checkbox"/> Draft in preparation, expected publication by: BCBS capital requirements for banks' equity investments in funds will be implemented via European Union legislation.</p> <p><input type="checkbox"/> Draft published as of:</p> <p><input type="checkbox"/> Final rule or legislation approved and will come into force on:</p> <p><input type="checkbox"/> Final rule (for part of the reform) in force since :</p> <p><input checked="" type="checkbox"/> Implementation completed as of: Basel III rules on counterparty risk were implemented via European Union legislation (CRR/CRD) that came into effect at the beginning of 2014.</p> <p>Issue is being addressed through :</p> <p><input checked="" type="checkbox"/> Primary / Secondary legislation</p> <p><input checked="" type="checkbox"/> Regulation /Guidelines</p> <p><input checked="" type="checkbox"/> Other actions (such as supervisory actions), please specify:</p> <p>Short description of the content of the legislation/ regulation/guideline:</p> <p>Articles 286 – 294 of the CRR define standards for management of counterparty credit risk, organisational</p>	<p>Planned actions (if any) and expected commencement date:</p> <p>The PRA has consulted on the extension of the CRD's provisions on counterparty risk management (Article 286), which previously applied only to IMM firms, to all firms as part of its Pillar 2 on January 1st 2016.</p> <p>Web-links to relevant documents:</p> <p>http://www.bankofengland.co.uk/pradocuments/publications/cp/2015/pillar2/cp115.pdf</p>

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				<p>structures, stress testing, management of wrong-way risk and validation.</p> <p>Highlight main developments since last year's survey:</p> <p>The Prudential Regulation Authority (hereafter the PRA) has an on-going continuous assessment cycle for major firms. This includes frequent meetings that involve discussion of key exposures with management, and an annual survey of banks' exposures to hedge funds and informs firm supervisors of the results</p> <p>Web-links to relevant documents:</p>	

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II. Securitisation					
4 (6)	Strengthening of regulatory and capital framework for monolines	Insurance supervisors should strengthen the regulatory and capital framework for monoline insurers in relation to structured credit. (Rec II.8, FSF 2008)	<p>Jurisdictions should indicate the policy measures taken for strengthening the regulatory and capital framework for monolines.</p> <p>See, for reference, the following principles issued by IAIS:</p> <ul style="list-style-type: none"> • ICP 13 – Reinsurance and Other Forms of Risk Transfer; • ICP 15 – Investments; and • ICP 17 - Capital Adequacy. <p>Jurisdictions may also refer to:</p> <ul style="list-style-type: none"> • IAIS Guidance paper on enterprise risk management for capital adequacy and solvency purposes (Oct 2008). • Joint Forum document on Mortgage insurance: market structure, underwriting cycle and policy implications (Aug2013). 	<p><input type="checkbox"/> Not applicable</p> <p><input type="checkbox"/> Applicable but no action envisaged at the moment</p> <p><input checked="" type="checkbox"/> Implementation ongoing:</p> <p><i>Status of progress:</i></p> <p><input type="checkbox"/> Draft in preparation, expected publication by:</p> <p><input type="checkbox"/> Draft published as of:</p> <p><input checked="" type="checkbox"/> Final rule or legislation approved and will come into force on: Solvency II is set to be implemented from 1/1/2016</p> <p><input type="checkbox"/> Final rule (for part of the reform) in force since :</p> <p><input type="checkbox"/> Implementation completed as of:</p> <p>Issue is being addressed through :</p> <p><input checked="" type="checkbox"/> Primary / Secondary legislation</p> <p><input checked="" type="checkbox"/> Regulation /Guidelines</p> <p><input type="checkbox"/> Other actions (such as supervisory actions), please specify:</p> <p>Short description of the content of the legislation/ regulation/guideline:</p> <p>Monolines will be expected to meet the Solvency II requirements related to solvency, governance and reporting and disclosure.</p> <p>Highlight main developments since last year’s survey:</p>	<p>Planned actions (if any) and expected commencement date:</p> <p>Web-links to relevant documents:</p>

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II. Securitisation					
				Web-links to relevant documents:	

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5 (7)	Strengthening of supervisory requirements or best practices for investment in structured products	Regulators of institutional investors should strengthen the requirements or best practices for firms' processes for investment in structured products. (Rec II.18, FSF 2008)	<p>Jurisdictions should indicate the due diligence policies, procedures and practices applicable for investment managers when investing in structured finance instruments and other policy measures taken for strengthening best practices for investment in structured finance product.</p> <p>Jurisdictions may reference IOSCO's report on Good Practices in Relation to Investment Managers' Due Diligence When Investing in Structured Finance Instruments (Jul 2009).</p> <p>Jurisdictions may also refer to the Joint Forum report on Credit Risk Transfer-Developments from 2005-2007 (Jul 2008).</p>	<p><input type="checkbox"/> Not applicable</p> <p><input type="checkbox"/> Applicable but no action envisaged at the moment</p> <p><input type="checkbox"/> Implementation ongoing:</p> <p><i>Status of progress:</i></p> <p><input type="checkbox"/> Draft in preparation, expected publication by:</p> <p><input type="checkbox"/> Draft published as of:</p> <p><input type="checkbox"/> Final rule or legislation approved and will come into force on:</p> <p><input type="checkbox"/> Final rule (for part of the reform) in force since :</p> <p><input checked="" type="checkbox"/> Implementation completed as of: Completed as of end 2010; For insurance to be completed by 2016. Please see European Commission response</p> <p>Issue is being addressed through :</p> <p><input checked="" type="checkbox"/> Primary / Secondary legislation</p> <p><input checked="" type="checkbox"/> Regulation /Guidelines</p> <p><input type="checkbox"/> Other actions (such as supervisory actions), please specify:</p> <p>Short description of the content of the legislation/ regulation/guideline:</p> <p>On Structured products as securitisation products (See also Q6): The reform consisted in different sectoral enhancements of due diligence requirements for investing entities. This includes: For banks and investments</p>	<p>If this recommendation has not yet been fully implemented, please provide reasons for delayed implementation:</p> <p>Planned actions (if any) and expected commencement date:</p> <p>The Bank and the FCA support the agenda of the BCBS-IOSCO Task Force on Securitisation Markets (TFSM) to develop a framework for simple, transparent and comparable (STC) securitisation – see also Q6. The Bank of England also supports the agenda of the European Commission to develop a framework for simple, transparent and standardised (STS) securitisation (using existing work at the international and EU level) – see also Q6. Both STC and STS should facilitate investors' due diligence on more structural aspects, but investors would still retain due diligence obligations the key risks and drivers such as creditworthiness of underlying assets. The FCA will continue to monitor the structured product market to check whether firms are meeting our requirements. Should we identify further issues, we will consider what further regulatory action is necessary.</p>

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				<p>firms: The Basel Committee adopted revisions to the Basel II framework to strengthen due diligence requirements (Basel 2.5) for investing institutions in securitisation. Former CRD2, now CRR/CRD2 (implementing Basel 2.5 in the EU) implemented these requirements by requiring that investors ensure key information are made available to them and conduct appropriate due diligence and stress testing. These came into force on 31 Dec 2010. For insurance companies, this involved Solvency II delegated acts including a distinction between type 1 and type 2 securitisations. Similarly, for asset managers of UCITs or AIFs, AIFMD introduced enhanced due diligence requirements. On structured products, more broadly speaking, the FCA is concerned that increasing product complexity is placing a strain on firms' systems and controls. Previous supervisory work has also identified a lack of robustness in firms' product development and marketing processes which can increase the risk of poorly designed products and lead to mis-selling, or mis-buying by consumers. The FCA has supervised sales of structured products over recent years (following the</p>	<p>Web-links to relevant documents:</p>

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				<p>collapse of Lehman Brothers, for example: http://www.fsa.gov.uk/library/other_publications/structured) and in 2012 published guidance on the design of structured products. The FCA continues to supervise the market.</p> <p>Highlight main developments since last year's survey:</p> <p>On securitisation Solvency delegated acts were adopted. The European Commission is expected to propose a new integrated approach to securitisation regulation in the EU later this year. It published a consultation paper (CP) in March. The Bank supports the fact that securitisations complying with the harmonised set of core criteria for STS transactions, would under the proposed approach qualify for a differentiated treatment under various EU sectoral regulations, applicable to banks, insurers, investment funds, etc. (e.g. in terms of capital requirements, liquidity, investment rules). On structured products more generally, there is ongoing monitoring in line with existing guidance and the ESMA opinion on good practices of product governance for structured products which was published in March</p>	

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				<p>2014 The FCA published the ‘Structured Products: Thematic Review of Product Development and Governance’ in March 2015. This work identified weaknesses in the way some firms approach product design and governance for structured products and we have asked some firms to carry out further work to assess whether any of the issues identified may have affected existing products. In addition the FCA has set up an internal committee, the Structured Products Group to track progress and developments in this area. The FCA fined both Credit Suisse International and Yorkshire Building Society in June 2014 for failing to ensure financial promotions for certain structured products were clear, fair and not misleading. The FCA also has a number of open investigations which are at various stages and some of which are at an advanced stage where redress is being discussed. Two forthcoming EU Directives – the Packaged Retail and Insurance-based Investment Products Regulation (PRIIPS) and the Markets in Financial Instruments Directive (MiFID II) – will also impose</p>	

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				<p>more detailed requirements on firms manufacturing and distributing structured products to retail customers. The FCA is involved in PRIIPS workstreams.</p> <p>Web-links to relevant documents:</p> <p>On securitisation BoE/ECB Joint response to the European Commission CP on securitisation http://www.bankofengland.co.uk/financialstability/Pages/securitisation/default.aspx On structured products more generally http://www.esma.europa.eu/content/Structured-Retail-Products-Good-practices-product-governance-arrangements http://www.fca.org.uk/your-fca/documents/finalised-guidance/fsa-fg129</p>	

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6 (8)	Enhanced disclosure of securitised products	Securities market regulators should work with market participants to expand information on securitised products and their underlying assets. (Rec. III.10-III.13, FSF 2008)	<p>Jurisdictions should indicate the policy measures taken for enhancing disclosure of securitised products.</p> <p>See, for reference, IOSCO’s Report on Principles for Ongoing Disclosure for Asset-Backed Securities (Nov 2012) and IOSCO’s Disclosure Principles for Public Offerings and Listings of Asset-Backed Securities (Apr 2010).</p>	<p><input type="checkbox"/> Not applicable</p> <p><input type="checkbox"/> Applicable but no action envisaged at the moment</p> <p><input type="checkbox"/> Implementation ongoing:</p> <p><i>Status of progress:</i></p> <p><input type="checkbox"/> Draft in preparation, expected publication by:</p> <p><input type="checkbox"/> Draft published as of:</p> <p><input type="checkbox"/> Final rule or legislation approved and will come into force on:</p> <p><input type="checkbox"/> Final rule (for part of the reform) in force since :</p> <p><input checked="" type="checkbox"/> Implementation completed as of: Revisions to CRR came into force in 2010;</p> <p>Issue is being addressed through :</p> <p><input checked="" type="checkbox"/> Primary / Secondary legislation</p> <p><input type="checkbox"/> Regulation /Guidelines</p> <p><input type="checkbox"/> Other actions (such as supervisory actions), please specify:</p> <p>Short description of the content of the legislation/ regulation/guideline:</p> <p>See also Q 5. The Basel Committee adopted revisions to the Basel II framework to strengthen due diligence requirements (Basel 2.5) for banks investing in securitisations. Former CRD2, now CRR(and similarly Solvency II delegated act, and AIFMD for other types of investors) implemented these</p>	<p>If this recommendation has not yet been fully implemented, please provide reasons for delayed implementation:</p> <p>Planned actions (if any) and expected commencement date:</p> <p>The Bank of England and the FCA support the agenda of the BCBS-IOSCO Task Force on Securitisation Markets (TFSM) to develop a framework for simple, transparent and comparable (STC) securitisation. The Bank supports the agenda of the European Commission to develop a framework for simple, transparent and standardised securitisation (using existing work at the international and EU level), This is part of the European Commission's broader initiative on CMU.</p> <p>Web-links to relevant documents:</p>

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				<p>disclosure requirements by requiring that investors ensure key information is made available to them and conduct appropriate due diligence and stress testing.. These came into force on 31 Dec 2010 and are now part of the CRR. The latest revision to Credit Rating Agencies Regulation (CRA3) mirrors these requirements by ensuring adequate disclosure for securitisation (initial and ongoing) to investors, It requires EU securitisers to disclose to the public information on securitisation (e.g. credit quality, and performance of the underlying assets, structure, cash flows and any information necessary to conduct comprehensive and well informed stress tests). The European Commission adopted a delegated act with more precise requirements on information to be reported under a public website to be set up by ESMA from 1st January 2017.</p> <p>Highlight main developments since last year's survey:</p> <p>The Bank supports international work to promote sounder and more transparent securitisation transactions, It co-chairs the BCBS-IOSCO task force on securitisation markets, which has been developing criteria (high level principles)</p>	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				<p>to identify simple, transparent and comparable securitisations at the international level (published on 23 July 2015). It also chairs the EBA work to develop more detailed criteria for simple standard and transparent securitisation at the EU level (as a technical advice to the European Commission - report delivered on 5 July 2015). On 30 September 2014, the European Commission adopted a Delegated Act based on ESMA draft Regulatory Technical Standards regarding information on transparency of structured finance instruments. .</p> <p>Web-links to relevant documents: BoE/ECB Joint response to the COM CP on securitisation http://www.bankofengland.co.uk/financialstability/Pages/securitisation/default.aspx http://www.esma.europa.eu/system/files/2014-014-685_draft_rts_under_cra3_regulation.pdf</p>	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
III. Enhancing supervision					
7 (9)	Consistent, consolidated supervision and regulation of SIFIs	All firms whose failure could pose a risk to financial stability must be subject to consistent, consolidated supervision and regulation with high standards. (Pittsburgh)	<p>Jurisdictions should indicate: (1) whether they have identified domestic SIFIs and, if so, in which sectors; (2) whether the names of the identified SIFIs have been publicly disclosed; and (3) the types of policy measures taken for implementing consistent, consolidated supervision and regulation of the identified SIFIs. See, for reference, the following documents:</p> <p>BCBS:</p> <ul style="list-style-type: none"> • Framework for G-SIBs (Jul 2013) • Framework for D-SIBs (Oct 2012) • BCP 12 (Sep 2012) <p>IAIS:</p> <ul style="list-style-type: none"> • Global Systemically Important Insurers: Policy Measures (Jul 2013) • ICP 23– Group wide supervision <p>FSB:</p> <ul style="list-style-type: none"> • Framework for addressing SIFIs (Nov 2011) 	<p><input type="checkbox"/> Not applicable</p> <p><input type="checkbox"/> Applicable but no action envisaged at the moment</p> <p><input checked="" type="checkbox"/> Implementation ongoing:</p> <p><i>Status of progress:</i></p> <ul style="list-style-type: none"> <input checked="" type="checkbox"/> Draft in preparation, expected publication by: Consultation on the UK D-SIB framework is expected in H2 2015. <input type="checkbox"/> Draft published as of: <input type="checkbox"/> Final rule or legislation approved and will come into force on: <input checked="" type="checkbox"/> Final rule (for part of the reform) in force since : Pre-crisis - consolidated supervision is a long-term UK approach to supervision. See response by the European Commission which outlines EU requirements in this area. <p><input type="checkbox"/> Implementation completed as of:</p> <p>Issue is being addressed through :</p> <ul style="list-style-type: none"> <input checked="" type="checkbox"/> Primary / Secondary legislation <input checked="" type="checkbox"/> Regulation /Guidelines <input checked="" type="checkbox"/> Other actions (such as supervisory actions), please specify: <p>Short description of the content of the legislation/ regulation/guideline:</p> <p>The PRA exercises group-wide supervision in accordance with relevant EU legislation.</p>	<p>Planned actions (if any) and expected commencement date:</p> <p>G-SIBs: The UK G-SIBs continue to be identified on an annual basis and the names published on the PRA website (as well as the FSB one) at the start of the year following the FSB announcement (with the first publication made in February 2015). D-SIBs: The UK is in the process of developing a D-SIB framework – in line with the EBA Guidelines – and expects to consult in H2 2015. Global systemically important insurers (G-SIIs): the UK authorities will continue to work actively within the FSB and the IAIS to develop internationally-agreed capital policy measures applicable to G-SIIs. The UK authorities will continue to work with UK G-SIIs to ensure they continue to meet the G-SII policy requirements.</p> <p>Web-links to relevant documents:</p>

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				<p>Highlight main developments since last year's survey:</p> <p>CRD IV (i.e. the EU implementation of Basel III) includes a requirement on member states to identify G-SIBs and other systemically important institutions (e.g. D-SIBs) and impose additional common equity tier 1 capital on the former. The EBA has published draft final technical standards to specify precisely the methodology used to identify and impose additional common equity tier 1 capital on G-SIBs, including relevant disclosure requirements. The PRA has transposed the framework and will implement a capital surcharge framework for systemic banks consistent with CRD IV. The UK authorities have been working with the UK G-SIIs to fulfil the G-SII policy measures, following the timetable laid out by the IAIS. The PRA has been heavily involved in the IAIS's work to develop the Basic Capital Requirement to be applied to G-SIIs. The change in response relative to the 2014 IMN survey from implementation complete to implementation ongoing reflects the introduction of specific domestic SIFI questions in 2015. In</p>	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				<p>relation to consistent and consolidated supervision, this continues to be part of the UK's long-term approach to supervision - implementation is complete in this area (and was pre-crisis).</p> <p>Web-links to relevant documents: Framework for G-SIBs (updated July 2013): http://www.bis.org/publ/bcbs255.htm For framework relating to G-SIIs see: http://www.financialstabilityboard.org/press/pr_130718.pdf</p>	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
8 (10)	Establishing supervisory colleges and conducting risk assessments	<p>To establish the remaining supervisory colleges for significant cross-border firms by June 2009. (London)</p> <p>We agreed to conduct rigorous risk assessment on these firms [G-SIFIs] through international supervisory colleges. (Seoul)</p>	<p>Reporting in this area should be undertaken solely by home jurisdictions of G-SIBs and G-SIIs.</p> <p>Please indicate the progress made in establishing and strengthening the functioning of supervisory colleges for G-SIBs and G-SIIs using, as reference, the following documents:</p> <p>BCBS:</p> <ul style="list-style-type: none"> • Principle 13 of the BCBS Core Principles for Effective Banking Supervision (Sep 2012) • Principles for effective supervisory colleges (Jun 2014) <p>IAIS :</p> <ul style="list-style-type: none"> • ICP 25 and Guidance 25.1.1 – 25.1.6 on establishment of supervisory colleges • Guidance 25.6.20 and 25.8.16 on risk assessments by supervisory colleges • Application paper on supervisory colleges (Oct 2014) 	<p><input type="checkbox"/> Not applicable</p> <p><input type="checkbox"/> Applicable but no action envisaged at the moment</p> <p><input type="checkbox"/> Implementation ongoing:</p> <p><i>Status of progress :</i></p> <p><input type="checkbox"/> Draft in preparation, expected publication by:</p> <p><input type="checkbox"/> Draft published as of:</p> <p><input type="checkbox"/> Final rule or legislation approved and will come into force on:</p> <p><input type="checkbox"/> Final rule (for part of the reform) in force since :</p> <p><input checked="" type="checkbox"/> Implementation completed as of: College arrangements have been established for the UK’s major cross-border firms since the G20 deadline (mid 2009). Subsequently, the college arrangements for UK banks and insurers have been widened and deepened in response to EU requirements in this area and other supervisory needs. Since 2013, the Prudential Regulation Authority has been the prudential supervisor for G-SIBs and G-SIIs. The relevant EU requirements colleges (including for G-SIBs) are set out in Articles 51 and 116 of Directive 2013/86/EU (Capital Requirements Directive), and in the expected regulatory and implementing technical standards on the functioning of colleges. For G-SIIs, the relevant requirements are set out in EIOPA’s guidelines on the operational functioning of colleges, in accordance with Article 248 of Solvency II. The EU requirements apply to all cross-</p>	<p>If this recommendation has not yet been fully implemented, please provide reasons for delayed implementation:</p> <p>Planned actions (if any) and expected commencement date:</p> <p>Web-links to relevant documents:</p>

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				<p>border banking and insurance groups, including all UK G-SIBs and G-SIIs.</p> <p>Issue is being addressed through :</p> <ul style="list-style-type: none"> <input checked="" type="checkbox"/> Primary / Secondary legislation <input checked="" type="checkbox"/> Regulation /Guidelines <input checked="" type="checkbox"/> Other actions (such as supervisory actions), please specify: <p>Short description of the content of the legislation/ regulation/guideline:</p> <p>Prior to 2013, colleges were established for all major cross-border firms in line with agreed Basel and IAIS guidance on colleges and the more detailed European college requirements. In addition, the PRA participates in colleges for many firms that are active in the UK. Through its college activity, the PRA seeks to develop a shared understanding of the relevant firm and how its risks are being mitigated, and may follow up with joint work with other supervisors to achieve its objectives.</p> <p>Highlight main developments since last year’s survey:</p> <p>The Bank has expanded the global supervisory colleges that it operates for major cross-border UK central counterparties (CCPs). In addition the Bank chairs colleges of EU regulators for</p>	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				<p>each of the UK CCPs. These colleges are mandated by the European Market Infrastructure Regulation (EMIR). The Bank, in its capacity as supervisor of clearing members and/or post-trade infrastructure, also participates in 14 EMIR colleges for non-UK CCPs. The FCA participates in 17 EMIR colleges for CCPs established in the UK and other EU jurisdictions. The FCA participates in its capacity as regulator of the activities of clearing member firms, and/or regulator of trading venues served by the relevant CCPs.</p> <p>Web-links to relevant documents:</p> <p>A high-level summary of the PRA’s approach to international regulatory cooperation is included in the PRA’s approach documents for banking and insurance, see: http://www.bankofengland.co.uk/publications/Documents/praapproach/bankingappr1406.pdf http://www.bankofengland.co.uk/publications/Documents/praapproach/insuranceappr1406.pdf</p> <p>Additional questions:</p> <p>1. Please indicate whether supervisory colleges for all G-SIBs/G-</p>	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				<p>SIIs headquartered in your jurisdiction have been established. If not, please explain.</p> <p>The PRA has established supervisory colleges for all designated G-SIBs/G-SIIs headquartered in the UK (Barclays, Standard Chartered, HSBC, RBS, Aviva and Prudential).</p> <p>2. Please indicate the structure of the supervisory colleges for G-SIBs/G-SIIs in your jurisdiction (core, universal, other) and the reasons why it may differ across firms.</p> <p>In line with the BCBS principles for Colleges the PRA has adopted a pragmatic approach to college structure and membership determining the most appropriate format for the individual firm based on a range of criteria including, where relevant, geographic spread and business model. Each college has a core and global college. We also will have to meet the requirements of the technical standards on colleges of supervisors in accordance with Articles 51 and 116 of the Capital Requirements Directive IV (Directive 2013/36/EU). For G-SII colleges, the PRA has also adapted the college structure and membership both to reflect the requirements in EU law (Solvency II Directive, 2009/138/EC) and</p>	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				<p>to deliver specific tasks. For example, we have used the college framework as a basis for our Crisis Management Groups, with specific arrangements being tailored to the circumstances of the firms in question. (see also the response to q 4)</p> <p>3. Please indicate the frequency of meetings over the past year of the supervisory colleges (core, universal, other) for G-SIBs/G-SIIs in your jurisdiction.</p> <p>All G-SIB colleges have met at least once in the past year. Core banking colleges meet twice a year. For insurance, supervisory colleges, including our colleges for G-SIIs, are required to hold meetings at least annually, though may meet more frequently (see below)</p> <p>4. Please describe the main objectives of supervisory colleges for G-SIBs/G-SIIs in your jurisdiction and the types of issues that have been discussed over the past year. (e.g. specific area(s) of risk, coordinated risk assessments, joint supervisory work, coordinated supervisory plans). In your response, please indicate briefly some of the main challenges in conducting joint risk assessments and steps taken to address them.</p> <p>The objectives for supervisory colleges are set out in EU legislation, Article 248 of Solvency II, Article 116 & 51 of CRD</p>	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				<p>IV and Basel and IAIS principles. These include enhancing information-sharing and collaboration among supervisors, planning and coordination of supervisory activities in going-concern situations and emergency situations. The colleges discuss the key risks faced by the firms they supervise. The core banking colleges discuss issues like firm strategy, financial crime and joint reviews. Examples of issues discussed by the global college include updates on the banks' strategy, execution risk, offshoring and IT and cyber risk. For insurance colleges, the PRA has used the College framework to support international work. The PRA have organised a number of CMGs (physical meetings and conference calls) for each of the Groups designated as G-SIIs to assess and coordinate feedback on the plans developed by the G-SII groups and to build the framework of our resolution plans. In addition to internal consultation across the relevant supervisory teams within the PRA, the PRA has worked with EIOPA and the supervisors of other European G-SIIs to share experience and knowledge. The CMGs use the College framework to draw on the outputs for wider college</p>	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				<p>work including, for example, the group-wide risk assessment processes that we are now developing to support group supervision under Solvency II.</p> <p>5. Please describe the main challenges in the functioning of supervisory colleges for G-SIBs/G-SIIs in your jurisdiction and any plans to enhance the effectiveness of colleges.</p> <p>Some of the main challenges experienced in the functioning of G-SIB and G-SIIs colleges have included the timeliness of joint decision making, information sharing among college members, balancing the different needs and priorities of different regulators, and the different speeds of implementing regulatory change across jurisdictions. The EU level requirements seek to address many of these challenges, upon which we expect to continue to improve. Plans to enhance the effectiveness of colleges include feedback questionnaires, promoting discussions through round-table sessions, and bilateral engagement with other regulators.</p>	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
9 (11)	Supervisory exchange of information and coordination	<p>To quicken supervisory responsiveness to developments that have a common effect across a number of institutions, supervisory exchange of information and coordination in the development of best practice benchmarks should be improved at both national and international levels. (Rec V.7 , FSF 2008)</p> <p>Enhance the effectiveness of core supervisory colleges. (FSB 2012)</p>	<p>Jurisdictions should include any feedback received from recent FSAPs/ROSC assessments on the September 2012 BCP 3 (Cooperation and collaboration) and BCP 14 (Home-host relationships). Jurisdictions should also indicate any steps taken since the last assessment in this area, particularly in response to relevant FSAP/ROSC recommendations.</p> <p>Jurisdictions should describe any recent or planned regulatory, supervisory or legislative changes that contribute to the sharing of supervisory information (e.g. within supervisory colleges or via bilateral or multilateral MoUs).</p>	<p><input type="checkbox"/> Not applicable</p> <p><input type="checkbox"/> Applicable but no action envisaged at the moment</p> <p><input type="checkbox"/> Implementation ongoing:</p> <p><i>Status of progress:</i></p> <p><input type="checkbox"/> Draft in preparation, expected publication by:</p> <p><input type="checkbox"/> Draft published as of:</p> <p><input type="checkbox"/> Final rule or legislation approved and will come into force on:</p> <p><input type="checkbox"/> Final rule (for part of the reform) in force since :</p> <p><input checked="" type="checkbox"/> Implementation completed as of: An extensive set of MoUs to support supervisory cooperation and information exchange already exists, although work is in train to update and /or supplement information sharing arrangements, including in relation to resolution planning.</p> <p>Issue is being addressed through :</p> <p><input checked="" type="checkbox"/> Primary / Secondary legislation</p> <p><input checked="" type="checkbox"/> Regulation /Guidelines</p> <p><input checked="" type="checkbox"/> Other actions (such as supervisory actions), please specify:</p> <p>Supervisory action subject to legislative constraint</p> <p>Short description of the content of the legislation/ regulation/guideline:</p> <p>Both the Bank/PRA and FCA are each independently seeking to renegotiate or to</p>	<p>Planned actions (if any) and expected commencement date:</p> <p>The PRA and FCA are constantly reviewing their information sharing arrangements to ensure that these appropriately reflect the new institutional structure of regulation in the UK and facilitate effective supervisory cooperation and information sharing. The PRA and FCA expect to continue to develop and widen their set of memoranda of understanding, including renegotiating existing MoUs, to ensure that they have workable gateways with relevant host supervisors. The PRA and FCA share and receive information about cross-border firms within the legal framework set by domestic and European legislation and where appropriate gateways exist. The relationship between the two UK regulators is supported by a MoU that sets out the high-level framework which the FCA and the PRA will use to co-ordinate in some areas, and co-operate in others. The FCA is currently participating in the FSB’s trade repository peer review and like many other jurisdictions find that there still exist legal barriers to reporting accurately. Barriers in particular to</p>

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				<p>establish new Memoranda of Understanding (MoU) with non-EEA jurisdictions that underpin the information sharing and co-operation arrangements with the counterparties concerned, in order to ensure that they accord with the UK authorities' respective statutory objectives and supervisory frameworks. The sharing of confidential information with non-EEA supervisory authorities is also subject to various EU directives (CRD, Solvency II, etc) and, in the UK, by FSMA.</p> <p>Highlight main developments since last year's survey:</p> <p>Following the Bank/PRA's review of all the MoUs that were transitioned from the Financial Services Authority at Legal Cutover on 1 April 2013, it has continued to enter into negotiations with non-EEA jurisdictions, in order to revise and update pre-Legal Cutover MoUs, to ensure that they accord with the Bank's and PRA's supervisory objectives. New / Revised MoUs are in place with the Central Bank of Brazil, the Dubai Financial Services Authority, the Bank of Korea, the Korean Financial Services Commission and Financial Supervisory Service.</p>	<p>counterparty-identifying information gives regulators cause for concern. Additionally, direct or indirect access of regulators to foreign trade repositories is very limited.</p> <p>Web-links to relevant documents:</p> <p>http://www.bankofengland.co.uk/about/Pages/mous/international.aspx</p>

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				<p>Discussions with other non-EEA jurisdictions and competent authorities are continuing.</p> <p>Web-links to relevant documents:</p> <p>Those MoUs that are published may be found on the Bank’s website, at http://www.bankofengland.co.uk/about/Pages/mous/international.aspx.</p>	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
10 (12)	Strengthening resources and effective supervision	<p>We agreed that supervisors should have strong and unambiguous mandates, sufficient independence to act, appropriate resources, and a full suite of tools and powers to proactively identify and address risks, including regular stress testing and early intervention. (Seoul)</p> <p>Supervisors should see that they have the requisite resources and expertise to oversee the risks associated with financial innovation and to ensure that firms they supervise have the capacity to understand and manage the risks. (FSF 2008)</p> <p>Supervisory authorities should continually re-assess their resource needs; for example, interacting with and assessing Boards require particular skills, experience and adequate level of seniority. (Rec. 3, FSB 2012)</p>	<p>No information on this recommendation will be collected in the current IMN survey due to the recent publication of the FSB thematic peer review report on supervisory frameworks and approaches to SIBs.</p>		

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
IV. Building and implementing macroprudential frameworks and tools					
11 (13)	Establishing regulatory framework for macro-prudential oversight	<p>Amend our regulatory systems to ensure authorities are able to identify and take account of macro-prudential risks across the financial system including in the case of regulated banks, shadow banks¹ and private pools of capital to limit the build up of systemic risk. (London)</p> <p>Ensure that national regulators possess the powers for gathering relevant information on all material financial institutions, markets and instruments in order to assess the potential for failure or severe stress to contribute to systemic risk. This will be done in close coordination at international level in order to achieve as much consistency as possible across jurisdictions. (London)</p>	<p>Please describe major changes in the institutional arrangements for macroprudential policy (structures, mandates, powers, reporting etc.) that have taken place since the financial crisis, including over the past year.</p> <p>Please indicate whether an assessment has been conducted with respect to the adequacy of powers to collect and share relevant information among different authorities on financial institutions, markets and instruments to assess the potential for systemic risk. If so, please describe identified gaps in the powers to collect information, and whether any follow-up actions have been taken.</p>	<p><input type="checkbox"/> Not applicable</p> <p><input type="checkbox"/> Applicable but no action envisaged at the moment</p> <p><input type="checkbox"/> Implementation ongoing: <i>Status of progress :</i></p> <p><input type="checkbox"/> Draft in preparation, expected publication by:</p> <p><input type="checkbox"/> Draft published as of:</p> <p><input type="checkbox"/> Final rule or legislation approved and will come into force on:</p> <p><input type="checkbox"/> Final rule (for part of the reform) in force since:</p> <p><input checked="" type="checkbox"/> Implementation completed as of: 1 April 2013 through the Financial Services Act 2012, which was then supplemented with CRD IV in 2014.</p> <p>Issue is being addressed through :</p> <p><input checked="" type="checkbox"/> Primary / Secondary legislation</p> <p><input type="checkbox"/> Regulation /Guidelines</p> <p><input type="checkbox"/> Other actions (such as supervisory actions), please specify:</p> <p>Short description of the content of the legislation/ regulation/guideline:</p> <p>The commencement of the Financial Services Act 2012 on 1 April 2013</p>	<p>Planned actions (if any) and expected commencement date:</p> <p>Web-links to relevant documents:</p>

¹ The recommendation as applicable to shadow banks will be retained until the monitoring framework for shadow banking, which is one of the designated priority areas under the CFIM, is established.

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				<p>implemented the Government’s reforms to strengthen the financial regulatory structure in the UK. This legislation included the establishment, in statute, of a macro-prudential authority, the Financial Policy Committee (FPC) within the Bank, to monitor and take action to mitigate systemic risks. In addition, responsibility for prudential regulation of banks, insurers and major investment firms was transferred to the PRA as a subsidiary of the Bank. The PRA has information gathering powers as a result of the legislation and is participating actively in the FSB’s data gaps programme to ensure improved data utilisation.</p> <p>Highlight main developments since last year’s survey:</p> <p>On 18 March 2014 the Bank launched its strategic plan, to be implemented over the next three years, which will transform the institution to take full advantage of the Bank’s expanded policy responsibilities. At the core of the Strategic Plan lies a shared vision for the Bank, embodied in a new mission statement: promoting the good of the people of the United Kingdom by maintaining monetary and financial stability. In April 2015, Her</p>	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				<p>Majesty’s Government gave the FPC new powers of Direction over the Prudential Regulation Authority (PRA) and Financial Conduct Authority (FCA) in relation to loan to value and debt to income limits in respect of owner-occupied lending, and over the PRA in relation to leverage ratio tools.</p> <p>Web-links to relevant documents:</p> <p>http://www.bankofengland.co.uk/financialstability/Pages/fpc/default.aspx The Financial Services Act 2012 and associated documentation: http://www.hm-treasury.gov.uk/fin_financial_services_bill.htm http://www.bankofengland.co.uk/publications/Pages/news/2014/058.aspx</p> <p>Additional questions:</p> <p>1. Please describe the institutional arrangements for financial stability and macroprudential policy in your jurisdiction, including whether a macroprudential authority has been explicitly identified and the respective roles and responsibilities of the central bank and other authorities.</p> <p>The Bank has a statutory objective to protect and enhance the stability of the</p>	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				<p>financial system of the United Kingdom. To achieve that, macroprudential powers are primarily given to the FPC (FPC) as a Committee within the Bank. Some functions, e.g. in relation to G-SII buffers and the systemic risk buffer will be exercised by the PRA.</p> <p>2. If a macroprudential authority has been explicitly identified in your jurisdiction, please describe its legal basis, mandate, composition, powers (warnings, recommendations, prudential tools, powers of direction, other) and accountability arrangements. Who provides the resources and analytical support for the authority's activities?</p> <p>The FPC is tasked with helping the Bank meet its financial stability objective and, subject to that, supporting the Government's economic policy, including its objectives for growth and employment. The FPC has a statutory responsibility to identify, monitor, and take action to remove or reduce risks that threaten the resilience of the UK financial system as a whole. The FPC has ten voting members, five of which are senior Bank staff and five external members. In addition, a representative of HM Treasury is a non-voting member of the FPC. If consensus cannot be reached then a</p>	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				<p>decision is taken by a vote of all those voting members present at the meeting. In the event of a tied vote, the Chair of the FPC has a second, casting vote. The FPC meets at least quarterly and, twice a year, it publishes its Financial Stability Report setting out its assessment of risks and weaknesses in the financial system and the measures it is taking to address them. The FPC has two main powers. It is able to make recommendations to anybody in pursuit of its statutory mandate, and to the PRA and the FCA on a comply or explain basis. The FPC also has direction powers over instruments given to it by the Government, that is, over Sectoral Capital Requirements (SCR), Leverage ratio requirements and buffers, LTI and DTI limits and the UK CCB rate, where the latter is implemented in the UK via European legislation, with the FPC being the authority designated by the Government to set it. For macro-prudential tools that the Government prescribes for the purposes of the FPC's powers of direction, the FPC has a statutory obligation to prepare, publish and maintain a written statement of the general policy that it proposes to follow in relation to the exercise of its powers. It</p>	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				<p>has done this so far for SCRs and the CCB in 2014 and it has published two additional Policy Statements on housing tools and the leverage ratio framework in July 2015. The Macroprudential Strategy and Support Division (which is part of the Financial Stability Strategy and Risk Directorate) and the Policy Strategy and Implementation Divisions (which is part of the Prudential Policy Directorate) at the Bank ensure that the FPC receives the material and support it needs to deliver its role including better public understanding and awareness of it. In addition, within Macroprudential Strategy and Support, the dedicated FPC Secretariat team is responsible for coordinating the wide-ranging inputs to the FPC, as well as supporting the Committee’s outputs. This includes being responsible for recording and communicating FPC decisions through preparing the policy sections of the Financial Stability Report and the Record of the FPC’s Policy meetings.</p> <p>3. Is there an inter-agency body on financial stability or macroprudential matters – distinct from the designated macroprudential authority – in your jurisdiction? If so, please describe its legal basis, mandate, composition, powers and accountability arrangements. Who</p>	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				<p>provides the resources and analytical support for its activities?</p> <p>The FPC is a committee of the Bank but it does contain external members including the FCA and a non voting member from HMT and is the only agency with designated macroprudential authority.</p> <p>4. Please describe the extent to which the macroprudential authority (or other relevant body) is able to collect information on material financial institutions, markets and instruments in order to assess potential systemic risks. In your response, please indicate whether the authorities involved in systemic risk monitoring have specific legal powers to collect information from financial institutions (whether regulated or not) for financial stability purposes, and whether there exist dedicated information gateways (e.g. Memorandum of Understanding) to share such information among relevant authorities.</p> <p>The FPC itself does not directly collect data or information; firm-specific data is collected through the PRA (or a different regulator – depending on the institution) and system wide analysis is presented to the FPC. A dedicated function within the Bank - the Financial Stability and Strategy Risk Directorate - which has access to the data, carries out analysis and</p>	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				<p>monitors the risks through the data received. Some of the data collected by the PRA is set out in the EBA's ITS on Supervisory Reporting Commission Implementing Regulation (EU) No 680/2014, which is maximum harmonising requirement. The PRA also has general powers to collect other information under FSMA s55M and s165A.</p>	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
12 (14)	Enhancing system-wide monitoring and the use of macro-prudential instruments	<p>Authorities should use quantitative indicators and/or constraints on leverage and margins as macro-prudential tools for supervisory purposes. Authorities should use quantitative indicators of leverage as guides for policy, both at the institution-specific and at the macro-prudential (system-wide) level...(Rec. 3.1, FSF 2009)</p> <p>We are developing macro-prudential policy frameworks and tools to limit the build-up of risks in the financial sector, building on the ongoing work of the FSB-BIS-IMF on this subject. (Cannes)</p> <p>Authorities should monitor substantial changes in asset prices and their implications for the macro economy and the financial system. (Washington)</p>	<p>Please describe at a high level (including by making reference to financial stability or other reports, where available) the types of methodologies, indicators and tools used to assess systemic risks.</p> <p>Please indicate the use of macroprudential tools in the past year, including the objective for their use and the process used to select, calibrate, and apply them.</p> <p>See, for reference, the following documents:</p> <ul style="list-style-type: none"> CGFS report on Operationalising the selection and application of macroprudential instruments (Dec 2012) FSB-IMF-BIS progress report to the G20 on Macroprudential policy tools and frameworks (Oct 2011) IMF staff papers on Macroprudential policy, an organizing framework (Mar 2011), Key Aspects of Macroprudential policy (Jun 2013), and Staff Guidance on Macroprudential Policy (Dec 2014) 	<p><input type="checkbox"/> Not applicable</p> <p><input type="checkbox"/> Applicable but no action envisaged at the moment</p> <p><input type="checkbox"/> Implementation ongoing:</p> <p><i>Status of progress :</i></p> <p><input type="checkbox"/> Draft in preparation, expected publication by:</p> <p><input type="checkbox"/> Draft published as of:</p> <p><input type="checkbox"/> Final rule or legislation approved and will come into force on:</p> <p><input type="checkbox"/> Final rule (for part of the reform) in force since:</p> <p><input checked="" type="checkbox"/> Implementation completed as of: 1 April 2013.</p> <p>Issue is being addressed through :</p> <p><input checked="" type="checkbox"/> Primary / Secondary legislation</p> <p><input type="checkbox"/> Regulation /Guidelines</p> <p><input type="checkbox"/> Other actions (such as supervisory actions), please specify:</p> <p>Short description of the content of the legislation/ regulation/guideline:</p> <p>The FPC has two main sets of powers at its disposal, the power to Recommend, and the power to give Directions to regulators to adjust specific macroprudential tools. In particular the FPC has a special power to Recommend, on a ‘comply or explain basis’, to the regulators — the PRA and the FCA — about the exercise of their functions, such</p>	<p>Planned actions (if any) and expected commencement date:</p> <p>Web-links to relevant documents:</p>

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				<p>as to adjust the rules that banks and other regulated financial institutions must abide by. Should the regulators decide not to implement Recommendations made on ‘a comply or explain’ basis, they are required by the legislation to explain publicly their reasons for not doing so. The FPC also has a broader power to make recommendations to any other persons (e.g. H M. Treasury). Regarding powers of Direction, the FPC is responsible for policy decisions on the Countercyclical Capital Buffer (CCB), Sectoral Capital Requirements (SCRs). The statutory FPC gained its powers over SCRs on 1 April 2013, and over CCBs on 1 May 2014. And, in April 2015, Her Majesty’s Government gave the FPC new powers of Direction over the Prudential Regulation Authority (PRA) and Financial Conduct Authority (FCA) in relation to loan to value and debt to income limits in respect of owner-occupied lending, and over the PRA in relation to leverage ratio tools.</p> <p>Highlight main developments since last year’s survey:</p> <p>The FPC published a Policy Statement on its powers to supplement capital requirements in January 2014. The</p>	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				<p>publication includes core indicators which the FPC will review routinely in setting the CCB and SCRs The FPC set the CCB for the first time in June 2014 at 0% for UK exposures. In 2014 and 2015 the FPC reciprocated the CCB rates set by Hong Kong, Norwegian and Swedish authorities. More details can be found here: http://www.bankofengland.co.uk/financialstability/Pages/fpc/ccbrates.aspx ; and http://www.bankofengland.co.uk/publications/Documents/records/fpc/pdf/2014/record1410.pdf On 26 November 2013, the Chancellor requested that the FPC undertake a review of the leverage ratio within the capital framework. This review complements the FPC’s medium-term priorities on the capital framework and on ending ‘too big to fail’ (TBTF), as set out in the latest Financial Stability Report. The terms of reference of this review were published on 27 March 2014. In April 2015, Her Majesty’s Government gave the FPC new powers of Direction over the Prudential Regulation Authority (PRA) in relation to leverage ratio tools. The FPC published a Policy Statement on</p>	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				<p>its powers over leverage ratio tools in July 2015. The publications sets out the specific tools that are proposed, the firms that would be subject to them, the timelines for implementation, how these tools might affect financial stability and economic growth and how the FPC would take decisions over the setting of the countercyclical leverage ratio buffer (CCLB). It also explains the FPC's proposed calibration of the tools. Furthermore, in July 2015, the PRA issued a consultation paper setting out how it intends to implement the leverage ratio framework in the UK, as directed by the FPC. For more details please see: http://www.bankofengland.co.uk/pradocuments/publications/cp/2015/cp2415.pdf The FPC issued a recommendation to the PRA and FCA in June 2014 to ensure that mortgage lenders do not extend more than 15% of their total number of new residential mortgages at loan to income ratios at or greater than 4.5. On 2 October 2014, the FPC recommended to H M Treasury that it be given Direction powers over setting limits on loan to value, debt to income and, in respect to</p>	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				<p>buy-to-let lending, interest coverage ratios. H M Treasury consulted on these new powers and in April 2015, Her Majesty's Government gave the FPC new powers of Direction over the Prudential Regulation Authority (PRA) and Financial Conduct Authority (FCA) in relation to loan to value and debt to income limits in respect of owner-occupied lending. The FPC published a Policy Statement on its powers over housing tools in July 2015. The publication describes the housing tools and the proposed scope of their coverage, the FPC's current view of the possible impact of the tools on financial stability and growth, and the indicators that the FPC will look at, among other information, in making its judgement on when to use the tools.</p> <p>Web-links to relevant documents:</p> <p>More information on tools and indicators is available on the FPC website under: http://www.bankofengland.co.uk/financialstability/Pages/fpc/default.aspx Leverage Review terms of reference: http://www.bankofengland.co.uk/publications/Pages/news/2014/062.aspx</p>	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				<p>http://www.bankofengland.co.uk/financialstability/Documents/fpc/policystatement140113.pdf Leverage ratio and housing draft Policy Statements</p> <p>http://www.bankofengland.co.uk/financialstability/Documents/fpc/policystatement040215.pdf</p> <p>http://www.bankofengland.co.uk/financialstability/Documents/fpc/policystatement040215lrt.pdf For narrative of the FPC's June 2014 decision on the CCB please see the June 2014 FSR Section 5:</p> <p>http://www.bankofengland.co.uk/publications/Documents/fsr/2014/fsr35sec5.pdf Chancellor of the Exchequer's Mansion House speech, June 2014:</p> <p>https://www.gov.uk/government/speeches/mansion-house-2014-speech-by-the-chancellor-of-the-exchequer FPC Statement on housing market powers of Direction, October 2014:</p> <p>http://www.bankofengland.co.uk/publications/Pages/news/2014/080.aspx Government confirmation of new powers over housing market and a leverage ratio framework</p> <p>https://www.gov.uk/government/news/government-confirms-new-powers-for-bank-of-england-to-guard-against-future-financial-risks</p>	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				<p>http://www.bankofengland.co.uk/financialstability/Documents/fpc/policystatement010715.pdf</p> <p>http://www.bankofengland.co.uk/financialstability/Documents/fpc/policystatement010715ltr.pdf</p> <p>Additional questions:</p> <p>1. Please describe, at a high level, the types of methodologies, indicators and reports used in your jurisdiction to identify, analyse, communicate and address systemic risks.</p> <p>The FPC has identified a list of core financial and economic indicators for the CCB and countercyclical leverage ratio buffers (CCLB), SCRs and housing tools. The FPC core indicators for the CCB and SCRs contain several variables under bank balance sheet stretch (e.g. bank leverage), non-bank balance sheet stretch (e.g. real-economy credit) and conditions and terms in markets (e.g. risk appetite measures). As a guiding principle, the FPC intends to move the CCB and the CCLB together, thus it would consider the same indicators and broader information in deciding on their use. The indicators for adjusting housing tools contain variables on lender balance sheet and household balance sheet stretch and conditions and terms in markets. But the</p>	

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				<p>FPC acknowledges that no single set of indicators can ever provide a perfect guide to systemic risks, or the appropriate policy responses, and judgement, play a material role in all FPC decisions. To support its judgement, the FPC will monitor a wide set of information, varying over time depending on the emerging risks, including both market and supervisory intelligence, and ‘stress tests’ of banking sector resilience. However, the FPC routinely reviews its set of core indicators, which have proved helpful in identifying emerging risks to financial stability in the past. These indicators give a basis for explaining the FPC’s decisions to an external audience. The core indicators are published semi-annually in the Financial Stability Report and updated regularly on the Bank of England website.</p> <p>2. Please describe the range of policy tools (prudential and other) currently available to the authorities for macroprudential purposes.²</p> <p>The current FPC macroprudential toolkit</p>	

² An indicative list of such tools can be found in “Macroprudential Policy Tools and Frameworks – Progress Report to the G20” by the FSB, IMF and BIS (October 2011, http://www.financialstabilityboard.org/wp-content/uploads/r_111027b.pdf); “Staff Guidance on Macroprudential Policy” (December 2014, <http://www.imf.org/external/np/pp/eng/2014/110614.pdf>) by IMF staff; and “Operationalising the selection and application of macroprudential instruments” (December 2012, <http://www.bis.org/publ/cgfs48.pdf>) by the CGFS.

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				<p>includes both time-varying tools, that allow it to target risk that are changing over time, as well as more structural tools that permit it to address systemic risk generated by structural features of the financial system. Regarding time-varying tools the FPC can set the CCB that applies to all relevant domestic exposures and can be varied as systemic risk in the system (arising from credit conditions) increases and released as stress materialises. The FPC also has flexibility to implement SCRs on exposures to targeted sectors judged to pose a risk to the system as a whole. Time-varying leverage ratios – i.e. the CCLB, may complement risk-weighted capital ratios and will be used to remove or reduce systemic risks attributable to periods of unsustainable credit growth in the economy. The FPC expects that operating a CCLB alongside the CCB will help to mitigate risks to financial stability as they change over time. The FPC can also use product tools such as LTV and DTI limits on mortgages when it has identified specific risks within sectors and desires to mitigate those risks to reduce the build-up of asset bubbles. Regarding structural tools, the FPC has in its toolkit</p>	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				<p>instruments such as SIB buffers and supplement leverage buffers which it uses to internalise some of the cost of distress or failure of systemic financial institutions and address the implicit subsidy these institutions enjoyed prior to the recent crisis, thus providing incentives for these firms to reduce their systemic importance.</p> <p>3. Please indicate which tools have been deployed for macroprudential purposes over the past year, including the objective for their use and the process used to select, calibrate, and apply them.</p> <p>The results of the first concurrent stress test of the UK banking system were published on 16 December 2014. The test explored vulnerabilities stemming from the UK household sector, reflecting the FPC’s assessment of the main domestic risks to financial stability at that time. The test covered eight major UK banks and building societies and was run on end-2013 balance sheets. To derive final projections of bank capital ratios in the stress scenario, Bank staff used an analytical framework that included banks’ own models, in-house models, sectoral analysis and peer comparison. Key judgements to arrive at the final</p>	

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				<p>projections were taken by Bank staff, under the guidance of the FPC and PRA Board, whose objectives the stress test serves. Amongst others, the macroprudential purpose of the stress tests was to inform the FPC as part of its evaluation of the resilience of the system as a whole and help the FPC form its judgement on macroprudential policy. The FPC judged that no system-wide, macroprudential actions were needed in response to the 2014 stress test. In June 2014, the FPC set the UK CCB for the first time at 0% and kept it unchanged since then. The FPC is required by law to set the CCB quarterly. The CCB enables the FPC to put banks in a better position to withstand stress through the financial cycle by requiring them to build capital as threats to financial stability increase and to run it down if financial stability risks crystallise or ease. As part of its CCB setting decisions, legislation requires the FPC to calculate and consider the ‘buffer guide’, a simple metric identified in Basel III and EU legislation that provides a guide for the CCB rate based on the gap between the ratio of credit to GDP and its long-term trend. But there is no mechanical link between the guide and</p>	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				<p>CCB setting. To set the CCB, the FPC also uses its judgement, looking at a wider set of core indicators, other relevant metrics, supervisory and market intelligence and stress tests. The FPC is also responsible for deciding on foreign CCB rates reciprocation by the UK authorities. In 2014 and 2015, the FPC recognised the CCB rates set by Norwegian and Swedish authorities and that set by Hong Kong authorities (http://www.bankofengland.co.uk/financialstability/Pages/fpc/ccbrates.aspx). These rates will be applied by UK regulated banks, building societies and investment firms with relevant exposures located in these countries in calculating their institution-specific CCBs. The FPC noted, in Autumn 2014, that reciprocity decisions would be made on an individual basis, taking into account their materiality and effect on the UK financial system in aggregate. However, it recognised that in most cases reciprocation would enhance the resilience of the UK financial system. In June 2014, the FPC issued a recommendation to the PRA and FCA to ensure that mortgage lenders do not extend more than 15% of their total number of new residential mortgages at</p>	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				<p>loan to income ratios at or greater than 4.5. The recommendation applies to all lenders that extend residential mortgage loans in excess of £100m or more than 300 in volume per annum and it was calibrated to provide insurance against a significant increase in lending at very high LTI multiples. The FPC did not believe that household indebtedness posed an imminent threat to stability. But it recognised that the recovery in the UK housing market has been associated with a marked rise in the share of mortgages extended at high loan to income multiples. To aid its policy judgement, the FPC considered estimates of the impact of its action against a central scenario and an upside housing scenario. The scenarios were used to illustrate how the housing and mortgage markets might evolve, including the resulting effect on the distribution and overall level of household indebtedness.</p> <p>4. Please describe whether and, if so, how the relevant authorities assess the <i>ex ante</i> cost and benefits of macroprudential policies and their <i>ex post</i> effectiveness.</p> <p>Section 138J of the Financial Services Act 2012 requires that when the PRA consults on draft rules that the</p>	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				<p>consultation includes an (ex-ante) analysis of the costs and benefits, together with estimates of them, unless they cannot reasonably be estimated. Section 9S of the Financial Services Act 2012 requires the FPC to prepare an explanation of the exercise of its powers (e.g. Directions or Recommendations), which includes an estimate of the costs and benefits, unless in the opinion of the FPC it is not reasonably practicable to produce an estimate. This ex ante analysis is typically published in the Bank's Financial Stability Reports or in consultation documents on macroprudential tools. Proposed PRA rule changes and new FPC policy proposals are considered by senior policymaking committees, and are supported by staff papers which include an ex-ante cost-benefit analysis.</p>	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
V. Improving oversight of credit rating agencies (CRAs)					
13 (16)	Enhancing regulation and supervision of CRAs	<p>All CRAs whose ratings are used for regulatory purposes should be subject to a regulatory oversight regime that includes registration. The regulatory oversight regime should be established by end 2009 and should be consistent with the IOSCO Code of Conduct Fundamentals. (London)</p> <p>National authorities will enforce compliance and require changes to a rating agency’s practices and procedures for managing conflicts of interest and assuring the transparency and quality of the rating process.</p> <p>CRAs should differentiate ratings for structured products and provide full disclosure of their ratings track record and the information and assumptions that underpin the ratings process.</p> <p>The oversight framework should be consistent across jurisdictions with appropriate sharing of information between national authorities, including through IOSCO. (London)</p> <p>Regulators should work together towards appropriate, globally compatible solutions (to conflicting compliance obligations for CRAs) as early as possible</p>	<p>Jurisdictions should indicate the policy measures undertaken for enhancing regulation and supervision of CRAs including registration, oversight and sharing of information between national authorities. They should also indicate their consistency with the following IOSCO document:</p> <ul style="list-style-type: none"> • Code of Conduct Fundamentals for Credit Rating Agencies (Mar 2015) <p>Jurisdictions may also refer to the following IOSCO documents:</p> <ul style="list-style-type: none"> • Principle 22 of Principles and Objectives of Securities Regulation (Jun 2010) which calls for registration and oversight programs for CRAs • Statement of Principles Regarding the Activities of Credit Rating Agencies (Sep 2003) • Final Report on Supervisory Colleges for Credit Rating Agencies (Jul 2013) 	<p><input type="checkbox"/> Not applicable</p> <p><input type="checkbox"/> Applicable but no action envisaged at the moment</p> <p><input type="checkbox"/> Implementation ongoing:</p> <p><i>Status of progress:</i></p> <p><input type="checkbox"/> Draft in preparation, expected publication by:</p> <p><input type="checkbox"/> Draft published as of:</p> <p><input type="checkbox"/> Final rule or legislation approved and will come into force on:</p> <p><input type="checkbox"/> Final rule (for part of the reform) in force since :</p> <p><input checked="" type="checkbox"/> Implementation completed as of: 20 June 2013 (Implementation of CRA III)</p> <p>Issue is being addressed through :</p> <p><input checked="" type="checkbox"/> Primary / Secondary legislation</p> <p><input checked="" type="checkbox"/> Regulation /Guidelines</p> <p><input type="checkbox"/> Other actions (such as supervisory actions), please specify:</p> <p>Short description of the content of the legislation/ regulation/guideline:</p> <p>The EU CRA registration process has been completed and responsibility for on-going supervision has been transferred to ESMA by the second CRA Regulation. Implementation of this through adoption of technical standards is also complete. Negotiation of the Third Regulation,</p>	<p>If this recommendation has not yet been fully implemented, please provide reasons for delayed implementation:</p> <p>Planned actions (if any) and expected commencement date:</p> <p>Web-links to relevant documents:</p>

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
		<p>in 2010. (FSB 2009)</p> <p>We encourage further steps to enhance transparency and competition among credit rating agencies. (St Petersburg)</p>		<p>which addresses conflicts of interest, accountability and transparency was completed in January 2013. This has since been agreed and entered into force (known as CRA III) in June 2013. Regulatory Technical Standards (RTS) to implement CRA III were adopted on 30 September 2014. These three RTS aim to increase transparency in the CRA and ratings market, and come into force between January 2015 and January 2017. ESMA continues to negotiate bilateral MoUs between the EU and third country jurisdictions. The FCA continues to engage with the IOSCO and ESMA technical committees on CRAs.</p> <p>Highlight main developments since last year's survey:</p> <p>The CRA III RTS on CRAs reporting of fees to ESMA as well as CRAs reporting their ratings to ESMA have come into force (26 January 2015, and 21 June 2015 respectively). ESMA also commits to publishing a Q&A on complying to the Regulation on a regular basis for the benefit of stakeholders, as and when topics are raised. Elsewhere, ESMA and the national competent authorities regularly consult with, and seek feedback</p>	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				<p>from market participants.</p> <p>Web-links to relevant documents:</p> <p>http://www.esma.europa.eu/page/CRA-documents</p> <p>http://ec.europa.eu/internal_market/securities/docs/agencies/COM_2011_747_en.pdf</p> <p>http://www.esma.europa.eu/page/CRA-documents</p>	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
14 (17)	Reducing the reliance on ratings	<p>We also endorsed the FSB’s principles on reducing reliance on external credit ratings. Standard setters, market participants, supervisors and central banks should not rely mechanistically on external credit ratings. (Seoul)</p> <p>Authorities should check that the roles that they have assigned to ratings in regulations and supervisory rules are consistent with the objectives of having investors make independent judgment of risks and perform their own due diligence, and that they do not induce uncritical reliance on credit ratings as a substitute for that independent evaluation. (Rec IV. 8, FSF 2008)</p> <p>We reaffirm our commitment to reduce authorities’ and financial institutions’ reliance on external credit ratings, and call on standard setters, market participants, supervisors and central banks to implement the agreed FSB principles and end practices that rely mechanistically on these ratings. (Cannes)</p> <p>We call for accelerated progress by national authorities and standard setting bodies in ending the mechanistic reliance on credit ratings and encourage steps that</p>	<p>Jurisdictions should indicate the steps they are taking to address the recommendations of the May 2014 FSB thematic peer review report on the implementation of the FSB Principles for Reducing Reliance on Credit Ratings, including by implementing their agreed action plans.</p> <p>Jurisdictions may refer to the following documents:</p> <ul style="list-style-type: none"> • FSB Principles for Reducing Reliance on CRA Ratings (Oct 2010) • FSB Roadmap for Reducing Reliance on CRA Ratings (Nov 2012) • BCBS Consultative Document Revisions to the Standardised Approach for credit risk (Dec 2014) 	<p><input type="checkbox"/> Not applicable</p> <p><input type="checkbox"/> Applicable but no action envisaged at the moment</p> <p><input type="checkbox"/> Implementation ongoing:</p> <p><i>Status of progress:</i></p> <p><input type="checkbox"/> Draft in preparation, expected publication by:</p> <p><input type="checkbox"/> Draft published as of:</p> <p><input type="checkbox"/> Final rule or legislation approved and will come into force on:</p> <p><input type="checkbox"/> Final rule (for part of the reform) in force since :</p> <p><input checked="" type="checkbox"/> Implementation completed as of: 2014, but on-going developments in Basel will likely result in future changes</p> <p>Issue is being addressed through :</p> <p><input checked="" type="checkbox"/> Primary / Secondary legislation</p> <p><input checked="" type="checkbox"/> Regulation /Guidelines</p> <p><input checked="" type="checkbox"/> Other actions (such as supervisory actions), please specify:</p> <p>Short description of the content of the legislation/ regulation/guideline:</p> <p>CRD IV Article 77(2) requires competent authorities, taking into account the nature, scale and complexity of institutions’ activities, to monitor that the internal models used by institutions do not solely or mechanistically rely on external credit ratings for assessing the creditworthiness</p>	<p>Planned actions (if any) and expected commencement date:</p> <p>Web-links to relevant documents:</p>

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
		<p>would enhance transparency of and competition among credit rating agencies. (Los Cabos)</p> <p>We call on national authorities and standard setting bodies to accelerate progress in reducing reliance on credit rating agencies, in accordance with the FSB roadmap. (St Petersburg)</p>		<p>of an entity or financial instrument. The PRA undertakes risk reviews through which it checks the adequacy of PRA regulated firms' credit assessment processes where internal models are used, taking into account the nature, scale and complexity of institutions' activities.</p> <p>Highlight main developments since last year's survey:</p> <p>The UK, as a member of the EU, is subject to the requirements prescribed by EU law (so reference is made to the EU response). We are, however, actively involved in Basel initiatives including the work on revising the Standardised Approach (as referenced in the previous column).</p> <p>Web-links to relevant documents:</p> <p>See http://eurlex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2013:176:0338:0436:En:PDF and SS11/13 http://www.bankofengland.co.uk/pr/Pages/publications/internalratings.aspx, in particular paras 12.30 and 12.31.</p>	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
VI. Enhancing and aligning accounting standards					
15 (18)	Consistent application of high-quality accounting standards	Regulators, supervisors, and accounting standard setters, as appropriate, should work with each other and the private sector on an ongoing basis to ensure consistent application and enforcement of high-quality accounting standards. (Washington)	<p>Jurisdictions should indicate the accounting standards that they follow and whether (and on what basis) they are deemed to be equivalent to IFRSs as published by the IASB or are otherwise of a high and internationally acceptable quality, and provide accurate and relevant information on financial performance. They should also explain the system they have for enforcement of consistent application of those standards.</p> <p>Jurisdictions may want to refer to their jurisdictional profile prepared by the IFRS Foundation, which can be accessed at: http://www.ifrs.org/Use-around-the-world/Pages/Analysis-of-the-G20-IFRS-profiles.aspx.</p>	<p><input type="checkbox"/> Not applicable</p> <p><input type="checkbox"/> Applicable but no action envisaged at the moment</p> <p><input type="checkbox"/> Implementation ongoing:</p> <p><i>Status of progress:</i></p> <p><input type="checkbox"/> Draft in preparation, expected publication by:</p> <p><input type="checkbox"/> Draft published as of:</p> <p><input type="checkbox"/> Final rule or legislation approved and will come into force on:</p> <p><input type="checkbox"/> Final rule (for part of the reform) in force since :</p> <p><input checked="" type="checkbox"/> Implementation completed as of: 2005 (although accounting standards will continue to evolve and develop over time)</p> <p>Issue is being addressed through :</p> <p><input type="checkbox"/> Primary / Secondary legislation</p> <p><input checked="" type="checkbox"/> Regulation /Guidelines</p> <p><input checked="" type="checkbox"/> Other actions (such as supervisory actions), please specify:</p> <p>Regulation /Guidelines [See European Commission submission] Other actions (such as supervisory actions), please specify: Supervisory actions – Interactions with international standard setters, international supervisory bodies and the banking industry, as well as</p>	<p>Planned actions (if any) and expected commencement date:</p> <p>Web-links to relevant documents:</p>

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				<p>liaison between the UK accounting council and the UK prudential supervisors of banks</p> <p>Short description of the content of the legislation/ regulation/guideline:</p> <p>The Financial Reporting Council (FRC) is responsible for the consistent application and enforcement of accounting standards in the UK. The major financial institutions in the UK follow IFRS set by the IASB as endorsed by the EU. The PRA provides input to the standard setters on issues around consistent implementation of IFRS through its representation in the Basel Accounting Experts Group and the European Banking Authority. In addition, there are MoUs between the PRA and FRC and terms of reference for liaison between the FRC and the FPC of the Bank to discuss matters around consistent implementation of IFRS by the UK firms</p> <p>Highlight main developments since last year's survey:</p> <p>On an on-going basis, the PRA continues to meet with the auditors of financial institutions (under the Code of practice for the relationship between the external auditor and the supervisor), as well as the</p>	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				<p>major UK banks to discuss, amongst other matters, any implementation issues with accounting standards. The PRA and FPC also continue to meet with the FRC under the terms of reference described above. The PRA has issued proposals for consultation that are aimed at further improving the PRA’s interaction with external auditors and actuaries.</p> <p>Web-links to relevant documents:</p> <p>Consultation Paper: Engagement between external auditors and supervisors and commencing the PRA’s disciplinary powers over external auditors and actuaries: http://www.bankofengland.co.uk/pr/Pages/publications/cp/2015/cp815.aspx</p>	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
16 (19)	Appropriate application of Fair Value Accounting	<p>Accounting standard setters and prudential supervisors should examine the use of valuation reserves or adjustments for fair valued financial instruments when data or modelling needed to support their valuation is weak. (Rec. 3.4, FSF 2009)</p> <p>Accounting standard setters and prudential supervisors should examine possible changes to relevant standards to dampen adverse dynamics potentially associated with fair value accounting. Possible ways to reduce this potential impact include the following: (1) Enhancing the accounting model so that the use of fair value accounting is carefully examined for financial instruments of credit intermediaries; (ii) Transfers between financial asset categories; (iii) Simplifying hedge accounting requirements. (Rec 3.5, FSF 2009)</p>	<p>Jurisdictions should indicate the policy measures taken for appropriate application of fair value accounting.</p> <p>Although not an application of fair value accounting, jurisdictions should additionally be mindful of implementation issues arising from the new accounting requirements for expected loan loss provisioning for impaired loans that are being introduced by the IASB and the FASB, and, for those jurisdictions where specific action is needed to foster transparent and consistent implementation, set out any steps they intend to take.</p> <p>See, for reference, the following BCBS documents:</p> <ul style="list-style-type: none"> • Basel 2.5 standards on prudent valuation (Jul 2009) • Supervisory guidance for assessing banks' financial instrument fair value practices (Apr 2009) 	<p><input type="checkbox"/> Not applicable</p> <p><input type="checkbox"/> Applicable but no action envisaged at the moment</p> <p><input type="checkbox"/> Implementation ongoing:</p> <p><i>Status of progress:</i></p> <p><input type="checkbox"/> Draft in preparation, expected publication by:</p> <p><input type="checkbox"/> Draft published as of:</p> <p><input type="checkbox"/> Final rule or legislation approved and will come into force on:</p> <p><input type="checkbox"/> Final rule (for part of the reform) in force since :</p> <p><input checked="" type="checkbox"/> Implementation completed as of: 2013</p> <p>Issue is being addressed through :</p> <p><input type="checkbox"/> Primary / Secondary legislation</p> <p><input checked="" type="checkbox"/> Regulation /Guidelines</p> <p><input type="checkbox"/> Other actions (such as supervisory actions), please specify:</p> <p>Short description of the content of the legislation/ regulation/guideline:</p> <p>The EU endorsed the new standard on Fair Value Measurement (IFRS 13) in 2012. This standard has been in force in Europe since the 1st January 2013. The IASB finalised and published IFRS 9 in July 2014 where new criteria have been introduced to define the assets and liabilities to be accounted at fair value. The European Commission will consider</p>	<p>If this recommendation has not yet been fully implemented, please provide reasons for delayed implementation:</p> <p>Planned actions (if any) and expected commencement date:</p> <p>The Regulatory Technical Standards (RTS) on prudent valuation is still being adopted as EBA made some changes and re-submitted a revised draft.</p> <p>Web-links to relevant documents:</p> <p>http://www.eba.europa.eu/regulation-and-policy/market-risk/draft-regulatory-technical-standards-on-prudent-valuation</p>

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				<p>the endorsement of IFRS 9, included the new requirement on hedging, when the IASB complete its work on this project. Within the UK, an FSA Policy Statement set out a standard template for Prudent Valuation Returns that enabled the FSA (predecessor of the PRA and FCA) to more effectively review firms' prudent valuation returns and aid comparability of data between firms. This was subsequently incorporated into rules in the PRA Handbook SUP 16.</p> <p>Highlight main developments since last year's survey:</p> <p>The PRA continues to work with the relevant national and international stakeholders to provide input to the developments of these standards and to promote consistency of implementation of these standards by the UK banks.</p> <p>Web-links to relevant documents:</p> <p>EBA final draft Regulatory Technical Standards on prudent valuation under Article 105 of the CRR: https://www.eba.europa.eu/mwg-internal/de5fs23hu73ds/progress?id=zujHY9KSvKzzCPrGHYWIln_oBGwBh6FnPAXbwuGotKo,&dl_PRA_Regulatory_Prudent_Valuation_Return – http://www.bankofengland.co.uk/pr/Pages/regulatorydata/crdfirms.aspx</p>	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
VII. Enhancing risk management					
17 (20)	Enhancing guidance to strengthen banks' risk management practices, including on liquidity and foreign currency funding risks	<p>Regulators should develop enhanced guidance to strengthen banks' risk management practices, in line with international best practices, and should encourage financial firms to re-examine their internal controls and implement strengthened policies for sound risk management. (Washington)</p> <p>National supervisors should closely check banks' implementation of the updated guidance on the management and supervision of liquidity as part of their regular supervision. If banks' implementation of the guidance is inadequate, supervisors will take more prescriptive action to improve practices. (Rec. II.10, FSF 2008)</p> <p>Regulators and supervisors in emerging markets³ will enhance their supervision of banks' operation in foreign currency funding markets. (FSB 2009)</p> <p>We commit to conduct robust, transparent stress tests as needed. (Pittsburgh)</p>	<p>Jurisdictions should indicate the policy measures taken to enhance guidance to strengthen banks' risk management practices.</p> <p>Jurisdictions may also refer to FSB's thematic peer review report on risk governance (Feb 2013) and the BCBS Peer review of supervisory authorities' implementation of stress testing principles (Apr 2012) and Principles for sound stress testing practices and supervision (May 2009).</p>	<p><input type="checkbox"/> Not applicable</p> <p><input type="checkbox"/> Applicable but no action envisaged at the moment</p> <p><input type="checkbox"/> Implementation ongoing:</p> <p><i>Status of progress:</i></p> <p><input type="checkbox"/> Draft in preparation, expected publication by:</p> <p><input type="checkbox"/> Draft published as of:</p> <p><input type="checkbox"/> Final rule or legislation approved and will come into force on:</p> <p><input type="checkbox"/> Final rule (for part of the reform) in force since :</p> <p><input checked="" type="checkbox"/> Implementation completed as of: CRDIV/CRR legislation has applied since 1 January 2014</p> <p>Issue is being addressed through :</p> <p><input checked="" type="checkbox"/> Primary / Secondary legislation</p> <p><input checked="" type="checkbox"/> Regulation /Guidelines</p> <p><input checked="" type="checkbox"/> Other actions (such as supervisory actions), please specify:</p> <p>The effectiveness of firms' risk management arrangements are monitored as part of the PRA's programme of continuous assessment . This assessment is informed by regular interaction with</p>	<p>Planned actions (if any) and expected commencement date:</p> <p>Liquidity PRA regulated firms have to meet the LCR under European Union legislation from 1/10/15 (Commission Delegated Regulation (EU) 2015/61 of 10 October 2014 to supplement Regulation (EU) no 575/2016 of the European Parliament and the Council with regard to liquidity coverage requirements for credit institutions). BCBS Principles for sound liquidity risk management and supervision: The PRA's new rules and supervisory statement setting requirements and expectations for firms' liquidity risk management came into effect on 1/10/15, when the LCR was introduced. The EBA guidelines for carrying out supervisory reviews will apply from 1 January 2016. Operational risk: Additional Guidance on matters related to the review of the Principles for the Sound Management of Operational Risk (PSMOR) and a revision of the PSMOR is scheduled for delivery in Q3 2015 A Consultation Document has been</p>

³ Only the emerging market jurisdictions that are members of the FSB may respond to this recommendation.

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				<p>the directors and senior management of the firms, including those responsible for the risk function, and by periodic enterprise-wide management (EWRM) reviews, specialist reviews focussed on specific risk areas and case studies. Issues about risk culture and the effective monitoring and management of risk are also addressed in the context of board effectiveness and other governance reviews.</p> <p>Short description of the content of the legislation/ regulation/guideline:</p> <p>Liquidity BCBS Principles for sound liquidity risk management and supervision: The UK implemented the update in its prudential liquidity regime, which went live in 2010. (The requirements on firms and information on the supervisory review process were set out in chapter 12 of the PRA’s prudential sourcebook for banks, building societies and investment firms). The PRA published new rules and a supervisory statement in PS 11/15 which carry over the requirements and expectations for firms’ liquidity risk management into its post-LCR policy material. The EBA issued guidelines on the supervisory review process, including for liquidity, in</p>	<p>issued following the completion of the development work. The consultation period ended in Jan 2015 http://www.bis.org/publ/bcbs291.pdf</p> <p>Stress testing: The Bank intends to publish an update of its medium-term vision for stress testing during 2015.</p> <p>Web-links to relevant documents:</p> <p>http://www.bankofengland.co.uk/financialstability/fsc/Documents/discussionpaper1013feedback Details of the 2014 UK variant stress test, including the stress and baseline scenarios as well as the hurdle rate can be found at:</p> <p>http://www.bankofengland.co.uk/financialstability/Documents/fpc/keyelements.pdf</p> <p>The review of the implementation of the Principles for the Sound management of Operational Risk (PSMOR):</p> <p>http://www.bis.org/publ/bcbs195.pdf</p> <p>http://www.bankofengland.co.uk/financialstability/Pages/fpc/stresstest.aspx</p>

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				<p>December 2014. BCBS: The Liquidity Coverage Ratio (LCR) (Jan 2013): The PRA will implement the BCBS' January 2013 agreement on a Liquidity Coverage Ratio and associated additional monitoring metrics through the EU implementation of these standards. This will be achieved via the CRD IV Package which transposes via a Directive (Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms) and a regulation (Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms) and Commission Delegated Regulation (EU) 2015/61 of 10 October 2014 to supplement Regulation (EU) no 575/2013 of the European Parliament and the Council with regard to liquidity coverage requirements for credit institutions, the Basel III agreement on an international framework for liquidity risk measurement, standards and monitoring adopted in December 2010 into EU law. The LCR came into effect on 1 October</p>	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				<p>2015. Operational risk The PRA is working in the context of the BCBS’s Working Group, Operational Risk (WGOR) A review of the implementation of the BCBS’s Principles for the Sound Management of Operational Risk (June 2011) has been completed. The BCBS supplemented this review with an assessment of the additional guidance needed on operational controls within capital markets and trading businesses (Delivered: June 2014). The redevelopment of the standardised approaches used to calculate the Pillar 1 operational risk capital requirement. (Delivered: June 2014) A study is underway to assess whether changes are necessary to enhance the effective implementation of the Supervisory Guidelines for the Advanced Measurement Approaches (AMA simplification and Use Test). (Deliver end 2015). Stress testing: Following the FPC recommendation in March 2013 that the Bank and PRA should develop proposals for regular stress testing, Bank staff produced a discussion paper setting out the main features of the proposed stress-testing framework in the medium-term. These include the expected</p>	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				<p>coverage of institutions, considerations around scenario design and the approach to modelling the impact of scenarios on bank profitability and capital ratios. It discusses how the outputs of stress tests could be used to inform policy decisions by the FPC and PRA Board, and options around disclosure of stress test results.</p> <p>The first concurrent stress test of the UK banking system was conducted in 2014. In May 2014 the Bank published a summary of the feedback received on the discussion paper and intends to publish further material following the 2014 concurrent stress tests including lessons learned.</p> <p>Highlight main developments since last year's survey:</p> <p>The Bank published the key elements of the 2015 stress test and accompanying guidance on 30 March 2015. The results of the 2015 stress test will be published in December 2015. For more details, see http://www.bankofengland.co.uk/financialstability/Pages/fpc/stresstest.aspx</p> <p>Web-links to relevant documents:</p> <p>http://www.bankofengland.co.uk/financialstability/fsc/Documents/discussionpaper1013.pdf</p>	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
18 (22)	Enhanced risk disclosures by financial institutions	<p>Financial institutions should provide enhanced risk disclosures in their reporting and disclose all losses on an ongoing basis, consistent with international best practice, as appropriate. (Washington)</p> <p>We encourage further efforts by the public and private sector to enhance financial institutions' disclosures of the risks they face, including the ongoing work of the Enhanced Disclosure Task Force. (St. Petersburg)</p>	<p>Jurisdictions should indicate the status of implementation of the disclosures requirements of IFRSs (in particular IFRS7 and 13) or equivalent. Jurisdictions may also use as reference the recommendations of the October 2012 report by the Enhanced Disclosure Task Force on Enhancing the Risk Disclosures of Banks and Implementation Progress Report by the EDTF (Aug 2013), and set out any steps they have taken to foster adoption of the EDTF Principles and Recommendations.</p>	<p><input type="checkbox"/> Not applicable</p> <p><input type="checkbox"/> Applicable but no action envisaged at the moment</p> <p><input type="checkbox"/> Implementation ongoing:</p> <p><i>Status of progress:</i></p> <p><input type="checkbox"/> Draft in preparation, expected publication by:</p> <p><input type="checkbox"/> Draft published as of:</p> <p><input type="checkbox"/> Final rule or legislation approved and will come into force on:</p> <p><input type="checkbox"/> Final rule (for part of the reform) in force since :</p> <p><input checked="" type="checkbox"/> Implementation completed as of: 2014 – but an area of ongoing work.</p> <p>Issue is being addressed through :</p> <p><input type="checkbox"/> Primary / Secondary legislation</p> <p><input type="checkbox"/> Regulation /Guidelines</p> <p><input checked="" type="checkbox"/> Other actions (such as supervisory actions), please specify:</p> <p>Engagement with firms</p> <p>Short description of the content of the legislation/ regulation/guideline:</p> <p>The major UK banks comply with the disclosure requirements as set out in the IFRSs as endorsed by the EU.</p> <p>Highlight main developments since last year's survey:</p> <p>The PRA continues to work with the major UK banks and building societies,</p>	<p>Planned actions (if any) and expected commencement date:</p> <p>Web-links to relevant documents:</p>

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				<p>directly and via the British Bankers Association, to enhance their disclosures in their financial reports on an on-going basis. Part of this work has involved engaging with the major UK banks and building societies to reach a shared understanding of the changes to disclosure required to comply fully with the recommendations of the Enhanced Disclosure Task Force (EDTF). See FPC recommendation 13/Q2/4: “The PRA should ensure that all major UK banks and building societies comply fully with the October 2012 recommendations of the EDTF upon publication of their 2013 annual reports.” The PRA reported progress to the FPC’s Q3 2014 meeting. Given the overall high level of compliance, and plans to improve disclosure further, the FPC judged that this recommendation had been implemented.</p> <p>Web-links to relevant documents: http://www.bankofengland.co.uk/financialstability/Pages/fpc/default.aspx</p>	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
VIII. Strengthening deposit insurance					
19 (23)	Strengthening of national deposit insurance arrangements	National deposit insurance arrangements should be reviewed against the agreed international principles, and authorities should strengthen arrangements where needed. (Rec. VI.9, FSF 2008)	<p>Jurisdictions should describe any revisions made to national deposit insurance system, including steps taken to address the following recommendations of the FSB’s February 2012 thematic peer review report on deposit insurance systems:</p> <ul style="list-style-type: none"> • Adoption of an explicit deposit insurance system (for those jurisdictions that do not have one) • Addressing the weaknesses and gaps to full implementation of the Core Principles for Effective Deposit Insurance Systems issued by IADI in November 2014 	<p><input type="checkbox"/> Not applicable</p> <p><input type="checkbox"/> Applicable but no action envisaged at the moment</p> <p><input type="checkbox"/> Implementation ongoing:</p> <p><i>Status of progress:</i></p> <p><input type="checkbox"/> Draft in preparation, expected publication by:</p> <p><input type="checkbox"/> Draft published as of:</p> <p><input type="checkbox"/> Final rule or legislation approved and will come into force on:</p> <p><input type="checkbox"/> Final rule (for part of the reform) in force since :</p> <p><input checked="" type="checkbox"/> Implementation completed as of: End 2010.</p> <p>Issue is being addressed through :</p> <p><input checked="" type="checkbox"/> Primary / Secondary legislation</p> <p><input checked="" type="checkbox"/> Regulation /Guidelines</p> <p><input type="checkbox"/> Other actions (such as supervisory actions), please specify:</p> <p>Short description of the content of the legislation/ regulation/guideline:</p> <p>Since 2008 the UK has made significant revisions to the deposit guarantee scheme rules in the UK (FSCS). This includes requirements on firms to provide information to the FSCS within 72 hours (reducing to 24 hours as of 1.12.2016) in order to facilitate faster payout within a</p>	<p>Planned actions (if any) and expected commencement date:</p> <p>2015</p> <p>Web-links to relevant documents:</p> <p>See under progress to date</p>

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				<p>target of 7 days for the majority of depositors in the event of a failure (or within 20 working days as required under the Deposit Guarantee Schemes Directive), increased disclosure requirements on deposit takers regarding the protection offered by the FSCS and implementation of a maximum harmonised compensation limit as required under the DGSD. The PRA constantly reviews the status of the deposit guarantee scheme arrangements and will make further recommendation and changes in the future as appropriate.</p> <p>Highlight main developments since last year's survey:</p> <p>The European Union has introduced a recast Deposit Guarantee Schemes Directive that amends some of the arrangements for the UK deposit guarantee scheme. The PRA published a consultation paper in October 2014 (followed by further consultations in 2015) on implementing the recast DGSD changes as well as further changes to strengthen depositor compensation. The PRA published a number of policy statements regarding its implementation of the DGSD in 2015.</p>	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				<p>Web-links to relevant documents:</p> <p>http://www.prarulebook.co.uk/rulebook/Content/Part/303781/23-09-2015 http://www.bankofengland.co.uk/pr/Pages/publications/cp/2014/cp2014.aspx http://www.bankofengland.co.uk/pr/Pages/publications/cp/2015/cp415.aspx http://www.bankofengland.co.uk/pr/Pages/publications/cp/2015/cp1515.aspx http://www.bankofengland.co.uk/pr/Pages/publications/cp/2015/cp2115.aspx http://www.bankofengland.co.uk/pr/Pages/publications/cp/2015/cp2315.aspx http://www.bankofengland.co.uk/pr/Pages/publications/ps/2015/ps615.aspx http://www.bankofengland.co.uk/pr/Pages/publications/ps/2015/ps915.aspx http://www.bankofengland.co.uk/pr/Pages/publications/ps/2015/ps1415.aspx http://www.bankofengland.co.uk/pr/Pages/publications/ps/2015/ps1515.aspx http://www.bankofengland.co.uk/pr/Pages/publications/ps/2015/ps1815.aspx http://ec.europa.eu/internal_market/bank/guarantee/index_en.htm</p>	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
IX. Safeguarding the integrity and efficiency of financial markets					
20 (24)	Enhancing market integrity and efficiency	We must ensure that markets serve efficient allocation of investments and savings in our economies and do not pose risks to financial stability. To this end, we commit to implement initial recommendations by IOSCO on market integrity and efficiency, including measures to address the risks posed by high frequency trading and dark liquidity, and call for further work by mid-2012. (Cannes)	<p>Jurisdictions should indicate whether high frequency trading and dark pools exist in their national markets.</p> <p>Jurisdictions should indicate the progress made in implementing the recommendation in the following IOSCO reports in their regulatory framework:</p> <ul style="list-style-type: none"> • Regulatory issues raised by changes in market structure (Dec 2013) • Report on Regulatory Issues Raised by the Impact of Technological Changes on Market Integrity and Efficiency (Oct 2011) • Report on Principles for Dark Liquidity (May 2011). 	<p><input type="checkbox"/> Not applicable</p> <p><input type="checkbox"/> Applicable but no action envisaged at the moment</p> <p><input type="checkbox"/> Implementation ongoing:</p> <p><i>Status of progress:</i></p> <p><input type="checkbox"/> Draft in preparation, expected publication by:</p> <p><input type="checkbox"/> Draft published as of:</p> <p><input checked="" type="checkbox"/> Final rule or legislation approved and will come into force on: MiFID II 3 January 2017 (Final rule)</p> <p><input type="checkbox"/> Final rule (for part of the reform) in force since :</p> <p><input checked="" type="checkbox"/> Implementation completed as of: 2012 [The 2012 IOSCO report on market integrity and efficiency was aligned with how we were already regulating in the UK. Our approach is being further augmented by improvements to market transparency and new obligations on algorithmic and high-frequency traders that are being delivered via the EU's MiFID Review. The changes will come into force in 2017 (3 January).]</p> <p>Issue is being addressed through :</p> <p><input checked="" type="checkbox"/> Primary / Secondary legislation</p> <p><input checked="" type="checkbox"/> Regulation /Guidelines</p> <p><input checked="" type="checkbox"/> Other actions (such as supervisory actions), please specify:</p>	<p>Planned actions (if any) and expected commencement date:</p> <p>Implementing (or level 2) measures under MiFID have been developed by ESMA and are under consideration for adoption by the European Commission.</p> <p>Web-links to relevant documents:</p> <p>http://www.esma.europa.eu/consultation/Consultation-MiFID-II</p>

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				<p>Short description of the content of the legislation/ regulation/guideline:</p> <p>Recommendations from the Final Report on Regulatory Issues raised by the Impact of Technological Changes on Market Integrity and Efficiency.</p> <p>Recommendations 1 to 5 are already covered by various provisions in MiFID which is the key European piece of law for financial markets, investment firms and secondary markets. With the purpose of strengthening supervisory practices in the EU, ESMA (the European Securities and Markets Authority) published in 2011 guidelines for competent authorities and financial markets participants on the resiliency, monitoring, testing and security of electronic trading systems and the access to those systems by members or participants. The guidelines also cover the establishment of proper organisational arrangements for the prevention of market abuse. MiFID II (entry into force in June 2014 and application from January 2017) will introduce new significant requirements aimed at improving the resiliency and efficiency of electronic markets, including for those firms undertaking or facilitating algorithmic trading/HFT. Principles from</p>	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				<p>the Final Report on Principles for Dark Liquidity. Principles 1 to 6 are already covered by various provisions in the key European piece of law for financial markets, investment firms and secondary markets, MiFID. With the purpose of building a common supervisory culture by promoting common supervisory approaches and practices in the EU, ESMA has established an internal process according to which the arrangements for pre-trade transparency waivers sought by operators of RMs or MTFs were considered at European level at the initiative of the relevant national competent authority. In order to comply with statutory objectives and the relevant domestic and European legislation, the FCA has established a risk-based supervisory approach in order to identify and monitor prospective risks and take action before they crystallise. MiFID II (entry into force in June 2014 and application from January 2017) will introduce new significant requirements aimed at ensuring dark trading remains within certain quantitative limits and that all dark pools are regulated in a similar way. Furthermore, the new Market Abuse Regulation will update the existing</p>	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				<p>regime to reflect market developments, and strengthens the provision against market abuse across financial instruments, commodity and related derivative markets and reinforces the investigative and administrative sanctioning powers of regulators. The proposal extends the scope of the market abuse framework to cover any financial instrument admitted to trading on an MTF or organised trading facility, as well as to any related financial instruments traded OTC which can have an effect on the covered underlying market.</p> <p>Highlight main developments since last year's survey:</p> <p>Web-links to relevant documents:</p> <p>MiFID legislation can be found on the European Commission homepage at http://ec.europa.eu/internal_market/securities/isd/mifid2_en.htm ESMA Guidelines on Systems and Controls can be found on the ESMSA website at www.esma.europa.eu/system/files/2011-04/456_0.pdf The recast MiFID and MiFIR can be found at • http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:32014L0065 • http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:32014R0600 The relevant provisions under MAR and Criminal Sanctions for Market Abuse Directive can be found at: • http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:32014R05</p>	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				96 http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:32014L0057	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
21 (25)	Regulation and supervision of commodity markets	<p>We need to ensure enhanced market transparency, both on cash and financial commodity markets, including OTC, and achieve appropriate regulation and supervision of participants in these markets. Market regulators and authorities should be granted effective intervention powers to address disorderly markets and prevent market abuses. In particular, market regulators should have, and use formal position management powers, including the power to set ex-ante position limits, particularly in the delivery month where appropriate, among other powers of intervention. We call on IOSCO to report on the implementation of its recommendations by the end of 2012. (Cannes)</p> <p>We also call on Finance ministers to monitor on a regular basis the proper implementation of IOSCO’s principles for the regulation and supervision on commodity derivatives markets and encourage broader publishing and unrestricted access to aggregated open interest data. (St. Petersburg)</p>	<p>Jurisdictions should indicate whether commodity markets of any type exist in their national markets.</p> <p>Jurisdictions should indicate the policy measures taken to implement the principles found in IOSCO’s report on Principles for the Regulation and Supervision of Commodity Derivatives Markets (Sep 2011).</p> <p>Jurisdictions, in responding to this recommendation, may also make use of the responses contained in the update to the survey published by IOSCO in September 2014 on the principles for the regulation and supervision of commodity derivatives markets.</p>	<p><input type="checkbox"/> Not applicable</p> <p><input type="checkbox"/> Applicable but no action envisaged at the moment</p> <p><input checked="" type="checkbox"/> Implementation ongoing:</p> <p><i>Status of progress:</i></p> <p><input checked="" type="checkbox"/> Draft in preparation, expected publication by: January 2016</p> <p><input type="checkbox"/> Draft published as of:</p> <p><input checked="" type="checkbox"/> Final rule or legislation approved and will come into force on: MiFID II 3 January 2017 (Final rule) MAR 3 July 2016 (Final Rule)</p> <p><input type="checkbox"/> Final rule (for part of the reform) in force since :</p> <p><input type="checkbox"/> Implementation completed as of:</p> <p>Issue is being addressed through :</p> <p><input checked="" type="checkbox"/> Primary / Secondary legislation</p> <p><input checked="" type="checkbox"/> Regulation /Guidelines</p> <p><input type="checkbox"/> Other actions (such as supervisory actions), please specify:</p> <p>Short description of the content of the legislation/ regulation/guideline:</p> <p>The FSA (as it then was) participated in the IOSCO survey on compliance with the IOSCO Principles for the regulation and Supervision of Commodity Derivatives Markets and was noted as broadly compliant with those principles. This survey was repeated during the second half of 2014. Areas which may</p>	<p>Planned actions (if any) and expected commencement date:</p> <p>Complete a formal review of the application of IOSCO Principles for Oil Price Reporting Agencies after their second year of implementation with a report to the IOSCO Board. Development with ESMA of appropriate Level 2 regulation to implement MIFID 2, followed by national rule-making to apply directly to UK persons, firms and trading venues.</p> <p>Web-links to relevant documents:</p>

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				<p>benefit from enhanced powers will be covered through the implementation of MiFID 2. Current FCA regulation covers on-exchange financial commodity market transparency and position management regimes through its regulation of commodity exchanges within its jurisdiction. Aggregated disclosure occurs on a voluntary basis by exchanges and the FCA has worked with both LME and ICE Futures Europe to enhance transparency arrangements. MiFID 2 will broaden these arrangements to cover also activity on MTFs and the new venue type of OTFs. Large position reporting is currently not covered by regulation but undertaken by trading venues. This will become mandatory with the introduction of MIFID 2. New regulations on position limits and associated reporting requirements will also be covered by MIFID2. OTC transparency will be covered by European legislation EMIR which came into force at the end of 2012. Reporting to trade repositories under EMIR has been implemented on a staged basis. IOSCO published in October 2012 its Principles for Oil Price Reporting Agencies. This was implemented by in October 2013 and two rounds of external</p>	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				<p>assurance reviews of implementation have been performed with broadly favourable conclusions. The transparency delivered by these Principles has added to the integrity of benchmarks for oil products that are used in exchange contracts, notably on ICE Futures Europe</p> <p>Highlight main developments since last year's survey:</p> <p>In June 2015 the conclusions of the Fair and Effective Markets Review were published. This year-long review concentrated on the FICC markets, including that in commodities. A number of the recommendations of the review relating to conduct and to market practices are relevant to commodities as an asset class. Implementation of the recommendations of FEMR will take place over forthcoming months. There has been a continuation of the trend of investment banks exiting from or reducing their commodity trading activities. In their place has been a growth in the participation of generally unregulated specialist commodity trading firms.</p>	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				Web-links to relevant documents:	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
22 (26)	Reform of financial benchmarks	We support the establishment of the FSB’s Official Sector Steering Group to coordinate work on the necessary reforms of financial benchmarks. We endorse IOSCO’s Principles for Financial Benchmarks and look forward to reform as necessary of the benchmarks used internationally in the banking industry and financial markets, consistent with the IOSCO Principles. (St. Petersburg)	Collection of information on this recommendation will continue to be deferred given the forthcoming FSB progress report on implementation of the FSB recommendations in this area, and ongoing IOSCO work to review the implementation of the IOSCO Principles for Financial Benchmarks.		

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
X. Enhancing financial consumer protection					
23 (27)	Enhancing financial consumer protection	We agree that integration of financial consumer protection policies into regulatory and supervisory frameworks contributes to strengthening financial stability, endorse the FSB report on consumer finance protection and the high level principles on financial consumer protection prepared by the OECD together with the FSB. We will pursue the full application of these principles in our jurisdictions. (Cannes)	<p>Jurisdictions should describe progress toward implementation of the OECD’s G-20 high-level principles on financial consumer protection (Oct 2011).</p> <p>Jurisdictions may also refer to OECD’s September 2013 and September 2014 reports on effective approaches to support the implementation of the High-level Principles.</p>	<p><input type="checkbox"/> Not applicable</p> <p><input type="checkbox"/> Applicable but no action envisaged at the moment</p> <p><input type="checkbox"/> Implementation ongoing:</p> <p><i>Status of progress:</i></p> <p><input type="checkbox"/> Draft in preparation, expected publication by:</p> <p><input type="checkbox"/> Draft published as of:</p> <p><input type="checkbox"/> Final rule or legislation approved and will come into force on:</p> <p><input type="checkbox"/> Final rule (for part of the reform) in force since :</p> <p><input checked="" type="checkbox"/> Implementation completed as of: 1 April 2013</p> <p>Issue is being addressed through :</p> <p><input type="checkbox"/> Primary / Secondary legislation</p> <p><input type="checkbox"/> Regulation /Guidelines</p> <p><input checked="" type="checkbox"/> Other actions (such as supervisory actions), please specify:</p> <p>Other actions (such as supervisory actions), please specify: Participation in the relevant OECD Committee/working groups (including leading work on the Competition principle).</p> <p>Short description of the content of the legislation/ regulation/guideline:</p> <p>From 1 April 2013, changes to the UK regulatory structure came into effect</p>	<p>Planned actions (if any) and expected commencement date:</p> <p>In addition, UK authorities have continued to participate in the OECD Task Force on Financial Consumer Protection which has agreed to develop effective approaches for the implementation of the G20 High Level Principles on Financial Consumer Protection. Other EU and international fora in which UK authorities participate are also working to promote regulatory standards which the FCA sees as consistent with the G20 Principles.</p> <p>Web-links to relevant documents:</p>

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				<p>under framework legislation that the FCA believes remains consistent with the G20 High Level Principles on Financial Consumer Protection and that continues to enable the relevant UK regulatory authorities to act consistently with the Principles.</p> <p>Highlight main developments since last year's survey:</p> <p>The FCA obtained new competition powers on 1 April 2015. It now has powers to enforce legal prohibitions on anti-competitive behaviour in relation to the provision of financial services. It also has additional powers to carry out market studies, and to make market investigation references relating to financial services. These competition powers may also be exercised by the UK Competition and Markets Authority (CMA) with regard to financial services and other sectors of the economy. This means that, in respect of financial services, the CMA and the FCA have 'concurrent powers' and the FCA is a 'concurrent regulator'. These powers are additional to our ability to use FSMA powers in pursuit of our competition objective.</p>	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				Web-links to relevant documents:	

XI. Source of recommendations:

- [Brisbane: G20 Leaders' Communique \(15-16 November 2014\)](#)
- [St Petersburg: The G20 Leaders' Declaration \(5-6 September 2013\)](#)
- [Los Cabos: The G20 Leaders' Declaration \(18-19 June 2012\)](#)
- [Cannes: The Cannes Summit Final Declaration \(3-4 November 2011\)](#)
- [Seoul: The Seoul Summit Document \(11-12 November 2010\)](#)
- [Toronto: The G-20 Toronto Summit Declaration \(26-27 June 2010\)](#)
- [Pittsburgh: Leaders' Statement at the Pittsburgh Summit \(25 September 2009\)](#)
- [London: The London Summit Declaration on Strengthening the Financial System \(2 April 2009\)](#)
- [Washington: The Washington Summit Action Plan to Implement Principles for Reform \(15 November 2008\)](#)
- [FSF 2008: The FSF Report on Enhancing Market and Institutional Resilience \(7 April 2008\)](#)
- [FSF 2009: The FSF Report on Addressing Procyclicality in the Financial System \(2 April 2009\)](#)
- [FSB 2009: The FSB Report on Improving Financial Regulation \(25 September 2009\)](#)
- [FSB 2012: The FSB Report on Increasing the Intensity and Effectiveness of SIFI Supervision \(1 November 2012\)](#)

XII. List of Abbreviations used:

The PRA was created as a part of the Bank of England (hereafter referred to as the Bank) by the Financial Services Act (2012) and is responsible for the prudential regulation and supervision of around 1,700 banks, building societies, credit unions, insurers and major investment firms. The PRA's objectives are set out in the Financial Services and Markets Act 2000 (FSMA). The PRA has three statutory objectives: 1. a general objective to promote the safety and soundness of the firms it regulates; 2. an objective specific to insurance firms, to contribute to the securing of an appropriate degree of protection for those who are or may

become insurance policyholders; and 3. a secondary objective to facilitate effective competition. The PRA advances its objectives using two key tools. First through regulation, it sets standards or policies that it expects firms to meet. Second through supervision, it assess the risks that firms pose to the PRA's objectives and, where necessary, take action to reduce them. While the PRA is part of the Bank, it is referred to as its own entity where appropriate throughout the survey to highlight that the activities and framework that are a result of its role as prudential regulator and supervisor.