

Jurisdiction:	<i>United Kingdom</i>
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2017 IMN Survey of National Progress in the Implementation of G20/FSB Recommendations

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I. Hedge funds					
1 (1)	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>Implementation of this recommendation was reported to be completed by all FSB jurisdictions in the 2016 IMN survey. Given this, the reporting of progress with respect to this recommendation will take place every 2-3 years henceforth (i.e. in 2019 or 2020).</p>		

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2 (2)	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 recommendation 6 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 in relation to cooperation in enforcement - 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>Jurisdictions can also refer to Principle 28 of the 2010 IOSCO Objectives and Principles of Securities Regulation, and take into account the outcomes of any recent FSAP/ROSC assessment against those Principles.</p>	<p><input type="checkbox"/> Not applicable</p> <p><input type="checkbox"/> Applicable but no action envisaged at the moment</p> <p><i>If "Not applicable" or "Applicable but no action envisaged ..." has been selected, please provide a brief justification:</i></p> <p><input type="checkbox"/> Implementation ongoing:</p> <p><i>Status of progress [for legislation and regulation/guidelines only]:</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 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: The AIFMD came into force in Jul 2011 and was transposed into national law from Jul 2013. All AIFMs were required to comply with relevant AIFMD requirements from Jul 2014.</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: The FCA has bilateral information sharing arrangements covering various major centres in which funds are located and separately we share information with the FSB, IOSCO and ESMA (AIFMD). 	<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>

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				<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 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 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 Dec 2015, IOSCO released the third report on the Global HF Survey with data as at Sep 2014 (link below). A fourth data collection</p>	
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				<p>effort started in 2016, which the FCA was actively engaged in. IOSCO plans to publish the results of this exercise in 2017.</p> <p>Web-links to relevant documents:</p> <p>https://www.iosco.org/library/pubdocs/pdf/IOSCOPD515.pdf</p>	

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3 (3)	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 recommendation 3 of the IOSCO Report on Hedge Fund Oversight (Jun 2009).</p> <p>In their responses, jurisdictions should not provide information on the portion of this recommendation that pertains to Basel III, since it is monitored separately by the BCBS.</p> <p>Jurisdictions can also refer to Principle 28 of the 2010 IOSCO Objectives and Principles of Securities Regulation, and take into account the outcomes of any recent FSAP/ROSC assessment against those Principles.</p>	<p><input type="checkbox"/> Not applicable</p> <p><input type="checkbox"/> Applicable but no action envisaged at the moment <i>If "Not applicable" or "Applicable but no action envisaged ..." has been selected, please provide a brief justification:</i></p> <p><input type="checkbox"/> Implementation ongoing: <i>Status of progress [for legislation and regulation/guidelines only]:</i></p> <p><input type="checkbox"/> Draft in preparation, expected publication by:</p> <p><input checked="" type="checkbox"/> Draft published as of: 11 Nov 2016 (draft update to EU legislation on banking prudential requirements)</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. See also 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>Articles 286 – 294 of the CRR define standards for management of counterparty</p>	<p>Planned actions (if any) and expected commencement date:</p> <p>Web-links to relevant documents:</p>

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				<p>credit risk (CCR), organisational structures, stress testing, management of wrong-way risk and validation.</p> <p>Highlight main developments since last year's survey:</p> <p>The Bank has an on-going continuous assessment cycle for major firms. This includes frequent meetings that involve discussion of key exposures with management. The Bank finalised its Statement of Policy in Jul 2015, which provided qualitative standards that firms must meet in order to use the advanced model for CCR and should be the basis for assessing CCR risk management by all firms. Firms' management standards for CCR are assessed against these qualitative standards. Firms may be required to hold additional capital under Pillar 2 to address material deficiencies.</p> <p>Web-links to relevant documents:</p> <p>Bank of England Pillar 2 guidance: http://www.bankofengland.co.uk/pru/Documents/publications/sop/2017/p2methodologiesupdate.pdf Draft update to EU legislation on banking prudential requirements: http://ec.europa.eu/info/node/6104</p>	

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II. Securitisation					
4 (4)	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)	Implementation of this recommendation was reported to be completed by all FSB jurisdictions in the 2016 IMN survey. Given this, the reporting of progress with respect to this recommendation will take place every 2-3 years henceforth (i.e. in 2019 or 2020).		

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5 (5)	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 products.</p> <p>Jurisdictions may reference IOSCO's report on <i>Good Practices in Relation to Investment Managers' Due Diligence When Investing in Structured Finance Instruments (Jul 2009)</i>.</p> <p>Jurisdictions may also refer to the Joint Forum report on <i>Credit Risk Transfer-Developments from 2005-2007 (Jul 2008)</i>.</p>	<p><input type="checkbox"/> Not applicable</p> <p><input type="checkbox"/> Applicable but no action envisaged at the moment <i>If "Not applicable" or "Applicable but no action envisaged ..." has been selected, please provide a brief justification:</i></p> <p><input type="checkbox"/> Implementation ongoing: <i>Status of progress [for legislation and regulation/guidelines only]:</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 completed in 2016.</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: On structured products as securitisation products (See also Q6): For banks and investments 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</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>

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				<p>CRR/CRD2 (implementing Basel 2.5 in the EU) implemented these 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. 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 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, the European Commission proposed a new integrated approach to securitisation regulation in the EU in Sep 2015, which was subject to political agreement on 30 May 2017, with final text to be adopted pending technical discussion and final vote. The package consists of (i) a "Securitisation Regulation" which applies across all issuers and regulated institutional investors, and (ii) amendments to the Capital Requirements</p>	
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				<p>Regulation (CRR). European Commission also plans to adopt Delegated Acts for Solvency II and the Liquidity Coverage Ratio to incorporate specific treatment for Simple, Transparent and Standardised (STS) securitisations. The Bank supports the European work on an EU framework for securitisation as part of our longer-term objective of growth in stable, market-based financing markets alongside bank lending. A uniform set of criteria for STS securitisation can play an essential role in helping the market to develop on a sustainable track and attracting a broader investor base. 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 Mar 2014. 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 more detailed requirements on firms manufacturing and distributing structured products to retail customers. The FCA is involved in PRIIPS work-streams, and is currently consulting on changes to disclosure requirements in order to reflect the application of the PRIIPs Regulation.</p> <p>Web-links to relevant documents:</p> <p>Bank of England/ECB Joint response to the European Commission CP on securitisation http://www.bankofengland.co.uk/financialstability/Pages/securitisation/default.aspx European Commission’s proposed Securitisation Regulation http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:52015PC0472 (Securitisation Regulation) http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:52015PC04</p>	
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				<p>73 (CRR amendments) On structured products more generally https://www.esma.europa.eu/system/files_force/library/2015/11/2014-332_esma_opinion_u_structured_retail_products_-_good_practices_for_product_governance_arrangements.pdf?download=1 http://www.fca.org.uk/your-fca/documents/finalised-guidance/fsa-fg129</p>	
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6 (6)	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 and other initiatives taken in relation to enhancing disclosure of securitised products, including working with industry and other authorities to continue to standardise disclosure templates and considering measures to improve the type of information that investors receive.</p> <p>See, for reference, IOSCO's Report on Principles for Ongoing Disclosure for Asset-Backed Securities (Nov 2012), Disclosure Principles for Public Offerings and Listings of Asset-Backed Securities (Apr 2010) and report on Global Developments in Securitisation Regulations (November 2012), in particular recommendations 4 and 5.</p>	<p><input type="checkbox"/> Not applicable</p> <p><input type="checkbox"/> Applicable but no action envisaged at the moment</p> <p><i>If "Not applicable" or "Applicable but no action envisaged ..." has been selected, please provide a brief justification:</i></p> <p><input type="checkbox"/> Implementation ongoing:</p> <p><i>Status of progress [for legislation and regulation/guidelines only]:</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 Q5. 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</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 and ongoing work of the BCBS-IOSCO Task Force on Securitisation Markets (TFSM) to develop a framework for simple, transparent and comparable (STC) securitisation.</p> <p>Web-links to relevant documents:</p>

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				<p>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. This website was due to be set up by 1 Jan 2017 but it has currently been delayed. The European Commission’s proposed Securitisation Regulation (published in Sep 2015 and currently under negotiation) aims to strengthen and harmonise existing disclosure requirements.</p> <p>Highlight main developments since last year’s survey:</p> <p>The Bank continues to support international work to promote sounder and more transparent securitisation transactions. It co-chairs the BCBS-IOSCO task force on securitisation markets, which has developed criteria (high level principles) to identify simple, transparent and comparable term securitisations at the international level (published on 23 Jul 2015). The TFSM is now considering similar criteria for short term securitisation (ie. ABCP conduits). The BCBS has finalised a set of additional criteria for securitisations to qualify for preferential capital treatment, together with a specific capital discount (published on Jul 11 2016).</p> <p>Web-links to relevant documents:</p> <p>Also see links under Q5 Basel III revisions to the securitisation framework, Amended to include the alternative capital treatment for “simple, transparent and</p>	

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				comparable” securitisations (Jul 2016) https://www.bis.org/bcbs/publ/d374.htm	

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III. Enhancing supervision					
7 (7)	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 (banks, insurers, other etc.); (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.</p> <p>Jurisdictions should not provide details on policy measures that pertain to higher loss absorbency requirements for G/D-SIBs, since these are monitored separately by the BCBS.</p> <p>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) <p><u>IAIS:</u></p> <ul style="list-style-type: none"> • Global Systemically Important Insurers: Policy Measures (Jul 2013) and revised assessment methodology (updated in June 2016) • IAIS SRMP guidance - FINAL (Dec 2013) 	<p><input type="checkbox"/> Not applicable</p> <p><input type="checkbox"/> Applicable but no action envisaged at the moment</p> <p><i>If “Not applicable“ or “Applicable but no action envisaged ...” has been selected, please provide a brief justification:</i></p> <p><input checked="" type="checkbox"/> Implementation ongoing:</p> <p><i>Status of progress [for legislation and regulation/guidelines only]:</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 checked="" type="checkbox"/> Final rule (for part of the reform) in force since: G-SIBs: 2014; O-SIIs (D-SIBs): 2016.</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 checked="" type="checkbox"/> Other actions (such as supervisory actions), please specify: Enhanced supervision</p> <p>Short description of the content of the legislation/ regulation/guideline:</p> <p>As a core part of its work, the Bank (through the PRA) assesses the significance of a firm to the stability of the UK financial system. The Bank applies more intensive supervision to</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. The list of UK G-SIBs (known in CRDIV as G-SIIs) is set to be published on the Bank website (as well as the FSB one) at the end of 2017 following the announcement of the overall list of G-SIBs by the FSB.</p> <p>D-SIBs: The UK’s other systemically important institutions (O-SIIs) – in line with the EBA guidelines which take into account the BCBS framework for D-SIBs – are identified on an annual basis and the names published on the Bank website at the end-of the year.</p> <p>Web-links to relevant documents:</p> <p>Bank of England webpage to which updated lists of G-SIBs and D-SIBs are published: http://www.bankofengland.co.uk/pr/Pages/crdiv/updates.aspx</p>

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			<ul style="list-style-type: none"> • <i>Guidance on Liquidity management and planning (Oct 2014)</i> <p><u>FSB:</u></p> <ul style="list-style-type: none"> • <i>Framework for addressing SIFIs (Nov 2011)</i> 	<p>those firms that it identifies as having the capacity to affect adversely the stability of the system by failing, coming under stress, or the way it carries on its business. These firms are identified through the PRA’s potential impact framework, set out in the PRA Approach to Banking Supervision (Mar 2016). Furthermore, 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 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 Bank has implemented the capital surcharge framework for systemic banks consistent with CRD IV. The Bank sets out its framework for identifying other systemically important institutions (O-SIIs), in line with the relevant EBA guidelines which take into account the BCBS framework for D-SIBs (see ‘The PRA’s approach to identifying other systemically important institutions (O-SIIs)’). Under the framework, the Bank’s assessment of O-SIIs is aligned with the PRA’s potential impact framework, and as such the list of UK O-SIIs is aligned with the PRA’s list of category 1 firms.</p> <p>Highlight main developments since last year’s survey:</p> <p>G-SIBs and D-SIBs (known as O-SIIs): The Bank’s approach to setting minimum requirements for own funds and eligible liabilities (MREL), published in Nov 2016, sets out the MREL transition</p>	

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				<p>schedule for UK G-SIBs and D-SIBs, which differ from the MRELs applied to other institutions. For more information see http://www.bankofengland.co.uk/financialstability/Documents/resolution/mrelpolicy2016.pdf. Systemic Risk Buffer: The Bank has set out its systemic risk buffer (SRB) framework which identifies ring-fenced banks and large building societies – as defined in The Capital Requirement (Capital Buffers and Macro-prudential Measures) (Amendment) Regulation 2015 – whose distress could materially impact the UK domestic economy. In Dec 2016, following a public consultation, the PRA published its approach to implementing the SRB framework outlined by the FPC. The PRA will begin applying the framework from 1 Jan 2019. G-SIIs: Through its supervisory channels, the Bank has worked with the UK G-SIIs to implement the applicable G-SII policy measures in accordance with the IAIS’s timetable. To date this includes the enhanced supervision and effective resolution and recovery requirements (e.g. establishment of Crisis Management Groups (CMGs) and elaboration of recovery and resolution plans (RRPs)). The Bank was involved in the development of the IAIS’s Higher Loss Absorption capital requirement, which is not set to come into effect for G-SIIs until 2022.</p> <p>Web-links to relevant documents:</p> <p>The PRA’s approach to banking supervision (revised Mar 2016): http://www.bankofengland.co.uk/publications/Documents/praapproach/bankingapproach1603.pdf The PRA’s approach to</p>	

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				identifying O-SIIs: http://www.bankofengland.co.uk/pr/Pages/publications/ps/2016/ps616.aspx Framework for G-SIBs (updated Jul 2013): http://www.bis.org/publ/bcbs255.htm The Financial Policy Committee's framework for the systemic risk buffer: http://www.bankofengland.co.uk/financialstability/Documents/fpc/srbf_cp260516.pdf The PRA's approach to implementing the SRB: http://www.bankofengland.co.uk/pr/Pages/publications/sop/2016/srbapproach.aspx IAIS papers on international capital standards for insurers: https://www.iaisweb.org/page/supervisory-material/insurance-capital-standard	

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8 (8)	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-SIFs] through international supervisory colleges. (Seoul)</p>	<p>Reporting in this area should be undertaken solely by home jurisdictions of global systemically important insurers (G-SIIs). The BCBS is separately monitoring implementation progress in this area with respect to banks.</p> <p>Please indicate the progress made in establishing and strengthening the functioning of supervisory colleges for G-SIIs, including the development of any joint supervisory plans within core colleges and leveraging on supervisory activities conducted by host authorities.</p> <p>See, for reference, the following IAIS documents:</p> <ul style="list-style-type: none"> • ICPs 24 and 25, especially guidance 25.1.1 – 25.1.6, 25.6, 25.7 and 25.8 • 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><i>If “Not applicable“ or “Applicable but no action envisaged ...” has been selected, please provide a brief justification:</i></p> <p><input type="checkbox"/> Implementation ongoing:</p> <p><i>Status of progress [for legislation and regulation/guidelines only]:</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 Jan 2016</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: Supervisory statements</p> <p>Short description of the content of the legislation/ regulation/guideline:</p> <p>Solvency II, agreed passed on 31 Mar 2015, came into effect on 1 Jan 2016.</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>

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				<p>Highlight main developments since last year’s survey:</p> <p>The supervisory colleges for the UK G-SIIs have been established for over five years. In-person College meetings are held annually, usually over two days, and College members also discuss relevant issues outside of College meetings as appropriate. Further, sub-Groups of College members meet to discuss areas of specific relevance – these areas have included detailed assessment work on Internal Model approvals and model change applications. A number of approaches are used to optimise the functioning of supervisory Colleges. These include home and host authorities providing updates on the structure and risk profile of entities within their jurisdiction, and reporting on supervisory activities they have conducted. Standardised formats for risk assessments have been used to support College members in arriving at a shared view of the Group’s risks. Where common themes or areas of common interest are identified, Colleges have also used tools such as questionnaires to share more specific detail on key issues; the findings from these have been fed into the College’s view of the firm’s risk profile and, where relevant, into decisions on future supervisory actions. The G-SII CMGs (as a subset of the respective Colleges) have also been operational for some years; in-person CMG meetings are held at least annually, usually alongside global College meetings, and further conference calls are held where relevant. CMG members have agreed and implemented Cooperation Agreements setting out how</p>	

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				<p>they will work together both in business as usual and in a crisis. The CMGs have discussed their assessments of the firms' G-SII plans, and CMG members have also worked together to develop and maintain Resolution Plans for the relevant Groups.</p> <p>Web-links to relevant documents:</p> <p>PRA's approach to insurance supervision: http://www.bankofengland.co.uk/publications/Documents/prapproach/insurance/ppr1603.pdf EIOPA's guidelines on the operational functioning of colleges: https://eiopa.europa.eu/Publications/Guidelines/Colleges_Final_document_EN.pdf FSB Key Attributes of Effective Resolution Regimes for Financial Institutions - http://www.fsb.org/wp-content/uploads/r_141015.pdf IAIS GSII Policy Measures: https://www.iaisweb.org/page/supervisory-material/financial-stability-and-macroprudential-policy-and-surveillance/file/34256/final-g-siis-policy-measures-18-july-2013 FSB guidance on developing effective resolution strategies: http://www.fsb.org/wp-content/uploads/Final-guidance-on-insurance-resolution-strategies.pdf</p>	

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9 (9)	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 <i>If “Not applicable“ or “Applicable but no action envisaged ...” has been selected, please provide a brief justification:</i></p> <p><input type="checkbox"/> Implementation ongoing: <i>Status of progress [for legislation and regulation/guidelines only]:</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: Jun 2016 IMF FSAP assessed UK as Compliant with BCB 3 (Cooperation and collaboration) and 13 (Home-host relationships) and provided no recommendations on these principles.</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: Effective Supervisory Colleges</p> <p>Short description of the content of the legislation/ regulation/guideline: Various EBA Guidelines and Technical Standards on Supervisory Colleges,</p>	<p>Planned actions (if any) and expected commencement date: The Bank’s MoU programme is reviewed each year, to determine priorities, based on supervisory need, This ensures that MoUs appropriately reflect the new institutional structure of regulation in the UK and facilitate effective supervisory cooperation and information sharing. Both the Bank and FCA 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. Information sharing with non-EEA national competent authorities takes place 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.</p> <p>Web-links to relevant documents: http://www.bankofengland.co.uk/about/Pages/mous/international.aspx</p>

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				<p>SREP processes, Joint Risk Assessments and Decisions, etc. Both the PRA and FCA are each independently seeking to renegotiate or to 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.</p> <p>Highlight main developments since last year's survey:</p> <p>Widened scope of Colleges Joint Risk assessment and decisions, using EBA templates, and establishment of Resolution Colleges. Since the PRA was established in 2013, it has continued to enter into negotiations with non-EEA jurisdictions, in order to revise and update those MoUs that were established by the former Financial Services Authority, to ensure that they accord with the PRA's supervisory objectives. New / Revised MoUs are in place with the Jersey Financial Services Commission. Discussions with a number of other non-EEA jurisdictions and competent authorities are continuing. The Bank will seek to establish MoUs with other jurisdiction in due course, as its work programme progresses. The UK's IMF Financial Sector Assessment Program (FSAP) in 2016 found the UK to be compliant with "Principle 3: Cooperation and collaboration. Laws, regulations, or other arrangements provide a framework for cooperation and collaboration with relevant domestic authorities and foreign supervisors. These arrangements reflect the need to</p>	

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				<p>protect confidential information.” This principle looks at arrangements made for cooperation, including analysis and sharing of information, and undertaking collaborative work with relevant domestic and foreign institutions.</p> <p>Web-links to relevant documents:</p> <p>https://www.eba.europa.eu/regulation-and-policy/colleges-of-supervisors 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>	

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10 (10)	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>Jurisdictions should indicate any steps taken on recommendations 1, 2, 3, 4 and 7 (i.e. supervisory strategy, engagement with banks, improvements in banks' IT and MIS, data requests, and talent management strategy respectively) in the FSB thematic peer review report on supervisory frameworks and approaches to SIBs (May 2015).</p> <p>Jurisdictions should also indicate any steps taken or envisaged in terms of resources/expertise, supervisory measures and/or regulation to strengthen the oversight of risks associated with financial innovation (FinTech).</p>	<p><input type="checkbox"/> Not applicable</p> <p><input type="checkbox"/> Applicable but no action envisaged at the moment</p> <p><i>If "Not applicable" or "Applicable but no action envisaged ..." has been selected, please provide a brief justification:</i></p> <p><input type="checkbox"/> Implementation ongoing:</p> <p><i>Status of progress [for legislation and regulation/guidelines only]:</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 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 type="checkbox"/> Other actions (such as supervisory actions), please specify:</p> <p>Short description of the content of the legislation/ regulation/guideline:</p> <p>With the creation of the PRA, the UK adopted a structured risk based supervisory approach that is centred on forward looking, judgement based prudential supervision with resources devoted to those areas where the risk to financial stability is the greatest. This</p>	<p>Planned actions (if any) and expected commencement date:</p> <p>Web-links to relevant documents:</p>

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				<p>approach is set out in the PRA’s risk framework model. Based on this model, the supervisor conducts its assessment work on a Continuous Assessment (CA) cycle regularly updating its overall view of the firm, the risks it faces and the risks it poses. An annual Periodic Summary Meeting takes stock of the key risks facing the firm and based on this, sets out the supervisory strategy and schedule of work. Risk Data aggregation and reporting capabilities are fundamental to the Safety and Soundness of firms. The PRA has established a Regulatory Data Group to play a central role in data governance to ensure timely and accurate data collection for supervisors, to implement BCBS principles and to reduce undue burden on firms from duplicative requests. Since the last survey the PRA continued to implement the forward looking judgement based approach. The PRA implemented the Senior Managers Regime; continued to inform the development of policy regarding ring-fencing; delivered policy on housing issues such as loan-to-income ratios and buy-to-let business; further developed existing capital and resolution frameworks; enhanced reporting requirements across a number of firms to improve quality and granularity of data available; and progressed ongoing initiatives such as remuneration policies and procedures, providing templates and reporting guidance to firms. “Risk and Work Manager” is a new technology system designed to deliver a supervisory desktop for the PRA in order to improve its ability to robustly and consistently report on continuous assessment obligations. A phased roll out programme was delivered to all</p>	

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				<p>supervisors in 2016, and is now being embedded in the regulatory framework. In 2016 the Bank launched its latest reward strategy; the key principles underpinning the Bank’s approach to reward are to ensure a system which is fair, helps attract and retain talent and rewards strong performance, is simple to implement and encourages the right management behaviours. In addition, there are a set of non-financial retention tools which can be used across the PRA, including flexible working, training and secondment opportunities. The Bank can provide a broad and varied career path which also supports retention within the organisation and helps build our experience base. More generally bi-annual talent and succession planning discussions take place for all staff with outcomes for more senior staff discussed by Executive and staff have a career conversation at least annually. While attrition remained steady in 2016, there was an increase in experience levels across supervision teams. The PRA has a people strategy, including talent management practices. This includes attracting appropriately skilled staff. In 2016, a successful strategic recruitment campaign was established to fill gaps in resourcing supervisory areas. Working with external consultants the PRA was able to broaden its pool of potential candidates and attracted a more diverse range of supervisors e.g. with backgrounds outside the financial sector and women returning to work. The Learning and Development team has worked with the PRA directorates to ensure technical and core business skills training is made available to the widest possible audience of new and existing</p>	

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				<p>staff in a timely fashion, through a number of frameworks, such as the Regulatory Learning Framework. It is a modular framework, some of which is mandatory and tailored to the needs of the different business areas. continued: Work has been undertaken to ensure training is accessible to all, resulting in a single 'training framework' across supervisory areas. This brings together all available development resources, clearly signposting individuals to training to support their development needs, joining the central offering with local training. Additionally, two new training initiatives were rolled out for the continuous development of supervisors and support them in using new supervisory tools. Supervisory Development Centres (SDCs) have been a new initiative, designed to provide supervisors with an improved, more structured and co-ordinated development, covering both behavioural and technical competencies as part of an ongoing programme of continuous development for supervisors.</p> <p>Highlight main developments since last year's survey:</p> <p>The Bank also launched a qualification in Central Banking in 2016 supported and awarded by a major UK university to develop an improved common knowledge and skills base. It offers a post-graduate qualification in central banking with an option to study further at masters level and conduct research in regulation.</p> <p>Web-links to relevant documents:</p> <p>EBA guidelines on supervisory review and evaluation process:</p>	

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				https://www.eba.europa.eu/documents/10180/935249/EBA-GL-2014-13+(Guidelines+on+SREP+methodologies+and+processes).pdf	

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IV. Building and implementing macroprudential frameworks and tools					
11 (11)	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 banks 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 in your jurisdiction since the global financial crisis.</p> <p>Please indicate whether an assessment has been conducted with respect to the adequacy of powers to collect and share relevant information among national 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><i>If “Not applicable“ or “Applicable but no action envisaged ...” has been selected, please provide a brief justification:</i></p> <p><input type="checkbox"/> Implementation ongoing:</p> <p><i>Status of progress [for legislation and regulation/guidelines only]:</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 Apr 2013 (Financial Services Act 2012, supplemented by 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 Apr 2013 implemented the Government’s reforms to strengthen the financial regulatory</p>	<p>Planned actions (if any) and expected commencement date:</p> <p>Web-links to relevant documents:</p>

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				<p>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>HM Treasury's consultation on giving powers of direction to the Bank's Financial Policy Committee (FPC) on buy-to-let mortgage lending concluded in Mar 2016. Following the consultation the FPC was granted the power to direct the Prudential Regulation Authority (PRA) and the Financial Conduct Authority (FCA) to require regulated lenders to place limits on buy-to-let mortgage lending in relation to loan-to-value ratios and interest coverage ratios. In Nov 2016, the FPC published an updated draft Policy Statement, which included how it would use its powers over housing policy instruments. On 1 March 2017, as required by the Bank of England and Financial Services Act 2016, the PRA was brought within the single legal entity of the Bank of England and the PRA Board replaced by the Prudential Regulation Committee (PRC). The PRA's most important supervisory and policy decisions are made by the PRC. This shift, which places the PRC on the</p>	

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				<p>same legal footing as the Monetary Policy Committee and the Financial Policy Committee, does not change the PRA's objectives or functions.</p> <p>Web-links to relevant documents:</p> <p>Information on the FPC: http://www.bankofengland.co.uk/financialstability/Pages/fpc/default.aspx Information on the PRA: http://www.bankofengland.co.uk/pr/Pages/default.aspx Announcement on the PRC: http://www.bankofengland.co.uk/publications/Documents/news/2017/026.pdf The Financial Services Act 2012: http://www.legislation.gov.uk/ukpga/2012/21/contents/enacted FPC draft Policy Statement on buy-to-let mortgage lending powers: http://www.bankofengland.co.uk/financialstability/Documents/fpc/draftpolicystatement181116.pdf</p>	

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12 (12)	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 tools for macroprudential purposes over the past year, including: the objective for their use; the process to select, calibrate and apply them; and the approaches used to assess their effectiveness.</p> <p>See, for reference, the following documents:</p> <ul style="list-style-type: none"> • FSB-IMF-BIS progress report to the G20 on Macroprudential policy tools and frameworks (Oct 2011) • CGFS report on Operationalising the selection and application of macroprudential instruments (Dec 2012) • 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) • IMF-FSB-BIS paper on Elements of Effective Macroprudential 	<p><input type="checkbox"/> Not applicable</p> <p><input type="checkbox"/> Applicable but no action envisaged at the moment</p> <p><i>If “Not applicable“ or “Applicable but no action envisaged ...” has been selected, please provide a brief justification:</i></p> <p><input type="checkbox"/> Implementation ongoing:</p> <p><i>Status of progress [for legislation and regulation/guidelines only]:</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 Apr 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>FPC Powers: 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 macro-prudential tools. In particular the FPC has a special power to Recommend, on a ‘comply or explain basis’, to the</p>	<p>Planned actions (if any) and expected commencement date:</p> <p>FPC powers: The FPC reviews its recommendations on a regular basis to assess whether they remain appropriate and will continue to do so. Stress testing: Consistent with the approach set out in the Bank’s ‘Approach to stress testing the UK banking system’, the 2017 stress test will for the first time include a second — ‘exploratory’ — scenario in addition to the regular ‘cyclical’ scenario. The Bank intends to run a second scenario biennially to examine emerging or latent threats to financial stability. The seven banks that participated in the 2016 stress test will participate in both scenarios in 2017. Housing instruments: The FPC will continue to monitor developments in the buy-to-let mortgage market, including forthcoming tax changes and the impacts of the PRA’s initiative on underwriting standards, and to assess the implications for financial stability.</p> <p>Web-links to relevant documents:</p>

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			<p><i>Policies: Lessons from International Experience (Aug 2016)</i></p> <ul style="list-style-type: none"> • CGFS report on <i>Experiences with the ex ante appraisal of macroprudential instruments (Jul 2016)</i> • CGFS report on <i>Objective-setting and communication of macroprudential policies (Nov 2016)</i> 	<p>regulators — the PRA and the FCA — about the exercise of their functions, such 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 person (e.g. HM Treasury). Regarding powers of Direction, Her Majesty’s Government has made the FPC responsible for policy decisions on sectoral capital requirements (SCRs), which enables the FPC to change capital requirements on banks’ exposures to specific sectors that are judged to pose a risk to financial stability. In Apr 2015 HMT gave the FPC Direction powers over the leverage ratio applicable to UK banks, and loan to value and debt to income limits in respect of owner-occupied lending. The UK Parliament voted in Dec 2016 to extend these powers to the buy-to-let mortgage market from 2017.</p> <p>Countercyclical capital buffer: The FPC is responsible for setting the countercyclical capital buffer (CCyB) rate in the UK. In Dec 2015, the FPC published a statement on its strategy for setting the UK’s CCyB rate, indicating an approach to have a CCyB rate in the region of 1% when risks are neither elevated nor subdued. Since Sep 2014 the FPC has had a policy to reciprocate countercyclical capital buffer actions set by other countries. Stress testing: The Bank published its approach to stress testing in Oct 2015, which sets out the main features of its framework to 2018.</p>	

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				<p>This introduced an annual cyclical scenario (ACS), which intends to assess risks relating to the financial cycle, and a biennial exploratory scenario to assess resilience of the financial system to risks not necessarily linked to the financial cycle. Stress test results will inform the FPC's setting of countercyclical capital policy.</p> <p>Highlight main developments since last year's survey:</p> <p>Countercyclical capital buffer: In Jul 2016, the FPC reduced the UK countercyclical capital buffer (CCyB) rate from 0.5% to 0% of banks' UK exposures with immediate effect; in Jun 2017, it raised the CCyB rate to 0.5%, with binding effect from Jun 2018. When setting the increased rate the FPC stated that, absent any material change in the outlook and consistent with its stated policy for a standard risk environment and of moving gradually, it expects to set a 1% CCyB rate in Nov 2017. With regard to foreign CCyB rates, the FPC has recognised the increase in Slovakia's CCyB rate, which will be effective from 1 Aug 2017. CCyB increases in Hong Kong, Sweden, Norway, Czech Republic and Iceland, which were recognised prior to last year's survey, are now effective.</p> <p>Stress testing: The Bank's 2016 stress test was a key step toward realising the approach set out in Oct 2015. The 2016 scenario was the first designed under the Bank's annual cyclical scenario (ACS) framework, and the hurdle rate framework evolved to increase consistency with the capital framework and increase transparency around individual banks' capital requirements.</p> <p>Housing instruments: In Sep 2016, the</p>	

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				<p>PRA published a Supervisory Statement setting out its expectations for underwriting standards for buy-to-let mortgage contracts.</p> <p>Web-links to relevant documents:</p> <p>More information on FPC powers: http://www.bankofengland.co.uk/financialstability/Pages/fpc/default.aspx The Bank's approach to stress testing: http://www.bankofengland.co.uk/financialstability/Documents/stresstesting/2015/approach.pdf Results of the 2016 stress test: http://www.bankofengland.co.uk/financialstability/Documents/fpc/results301116.pdf Key elements of the 2016 stress test scenario: http://www.bankofengland.co.uk/financialstability/Documents/stresstesting/2016/keyelements.pdf More information on CCyB rates: http://www.bankofengland.co.uk/financialstability/Pages/fpc/ccbrates.aspx PRA Supervisory Statement on underwriting standards for buy-to-let mortgage contracts: http://www.bankofengland.co.uk/pradocuments/publications/ps/2016/ps2816.pdf More information on the Bank's approach to stress testing the UK banking system: http://www.bankofengland.co.uk/financialstability/Documents/stresstesting/2015/approach.pdf</p>	

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V. Improving oversight of credit rating agencies (CRAs)					
13 (13)	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</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) (including on governance, training and risk management) <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>Jurisdictions should take into account the outcomes of any recent FSAP/ROSC assessment against those principles.</p>	<p><input type="checkbox"/> Not applicable</p> <p><input type="checkbox"/> Applicable but no action envisaged at the moment</p> <p><i>If “Not applicable“ or “Applicable but no action envisaged ...” has been selected, please provide a brief justification:</i></p> <p><input type="checkbox"/> Implementation ongoing:</p> <p><i>Status of progress [for legislation and regulation/guidelines only]:</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 Jun 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: The ongoing regulation and supervision of CRAs in Europe has been transferred to ESMA.</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>

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		<p>obligations for CRAs) as early as possible in 2010. (FSB 2009)</p> <p>We encourage further steps to enhance transparency and competition among credit rating agencies. (St Petersburg)</p>		<p>Short description of the content of the legislation/ regulation/guideline:</p> <p>The regulation of CRAs in Europe has been transferred to ESMA. The EU CRA registration process has been completed and responsibility for ongoing 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, which addresses conflicts of interest, accountability and transparency was completed in Jan 2013. This has since been agreed and entered into force (known as CRA III) in Jun 2013. Regulatory Technical Standards (RTS) to implement CRA III were adopted on 30 Sep 2014. These three RTS aim to increase transparency in the CRA and ratings market, and come into force between Jan 2015 and Jan 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>Web-links to relevant documents:</p> <p>https://www.esma.europa.eu/databases-library/esma-library?f%5B0%5D=im_esma_sections%3A348&f%5B1%5D=im_esma_sections%3A424</p>	

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14 (14)	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 would enhance transparency of and</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. Any revised action plans should be sent to the FSB Secretariat so that it can be posted on the FSB website.</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 2015) • IAIS ICP guidance 16.9 and 17.8.25 • IOSCO Good Practices on Reducing Reliance on CRAs in Asset Management (Jun 2015) • IOSCO Sound Practices at Large Intermediaries Relating to the Assessment of Creditworthiness and 	<p><input type="checkbox"/> Not applicable</p> <p><input type="checkbox"/> Applicable but no action envisaged at the moment</p> <p><i>If “Not applicable“ or “Applicable but no action envisaged ...” has been selected, please provide a brief justification:</i></p> <p><input type="checkbox"/> Implementation ongoing:</p> <p><i>Status of progress [for legislation and regulation/guidelines only]:</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</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>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). CRD IV Article 77(2) requires competent authorities, taking into account the nature, scale and complexity of institutions’ activities, to</p>	<p>Planned actions (if any) and expected commencement date:</p> <p>The Bank is actively involved in Basel initiatives including the work on revising the Standardised Approach, which seeks to reduce mechanistic reliance on external ratings. The latest (Dec 2015) Consultation Paper on revisions to the standardised approach proposes to do this by introducing due diligence requirements under Pillar 1 for assessing the creditworthiness of a bank’s counterparties, and by enhancing the requirements surrounding the use of external ratings. With the EU Commission’s legislative proposal on securitisation (currently under consideration), the EU is in the process of implementing Basel reforms on the capital framework for Securitisation described above.</p> <p>Web-links to relevant documents:</p> <p>Basel Committee Second Consultative Document: Revisions to the Standardised Approach for Credit Risk http://www.bis.org/bcbs/publ/d347.pdf EU Commission’s legislative proposal on securitisation (CRR amendments) http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:52015PC0473</p>

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		<p>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><u>the Use of External Credit Ratings (Dec 2015).</u></p>	<p>monitor that institutions do not solely or mechanically rely on external credit ratings for assessing the creditworthiness of an entity or financial instrument. The Bank undertakes risk reviews through which it checks the adequacy of firms' credit assessment processes, taking into account the nature, scale and complexity of institutions' activities. The Bank has also (in the PRA Supervisory Statement 11/13) set out its expectations of criteria that should be met in order to use rating agency grades as a primary driver in their IRB models. Basel reform on the capital framework for Securitisation (Dec 2014) attempts to move away from reliance on external ratings for securitisation capital treatment - by changing the hierarchy of methods to be used to determine securitisation capital requirements so that the method based on external ratings is no longer the default one.</p> <p>Highlight main developments since last year's survey:</p> <p>The Solvency II regime which has been applied from 2016, has placed significant emphasis on effective risk management. Specifically the regime endorses the use of internal ratings to reduce reliance on external credit ratings. The PRA is currently consulting on a draft supervisory statement (CP48/16) which sets expectations as to how confidence can be maintained in insurers' use of internal credit rating assessments.</p> <p>Web-links to relevant documents:</p> <p>See CRD IV http://eurlex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2013:176:0338:0436:En:PDF The PRA's Approach to Banking Supervision</p>	

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				http://www.bankofengland.co.uk/publications/Documents/prapproach/bankingapr1603.pdf SS11/13 Internal Ratings Based (IRB) approaches http://www.bankofengland.co.uk/pr/Pages/publications/internalratings.aspx in particular paragraphs 12.30 and 12.31 CP48/16 Solvency II: Matching adjustment – illiquid unrated assets and equity release mortgages http://www.bankofengland.co.uk/pr/Pages/publications/cp/2016/cp4816.aspx	

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VI. Enhancing and aligning accounting standards					
15 (15)	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 of a high and internationally acceptable quality (e.g. equivalent to IFRSs as published by the IASB), and provide accurate and relevant information on financial position and 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>As part of their response on this recommendation, jurisdictions should indicate the policy measures taken for appropriate application of fair value recognition, measurement and disclosure.</p> <p>In addition, jurisdictions should set out any steps they intend to take (if appropriate) to foster transparent and consistent implementation of the new accounting requirements for the measurement of expected credit losses on financial assets that are being introduced by the IASB and FASB.</p>	<p><input type="checkbox"/> Not applicable</p> <p><input type="checkbox"/> Applicable but no action envisaged at the moment <i>If “Not applicable“ or “Applicable but no action envisaged ...” has been selected, please provide a brief justification:</i></p> <p><input type="checkbox"/> Implementation ongoing: <i>Status of progress [for legislation and regulation/guidelines only]:</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</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: Regulation /Guidelines: [See European Commission submission] Supervisory actions: Interactions with international standard setters, international supervisory bodies and the banking industry, as well as liaison between the UK accounting</p>	<p>Planned actions (if any) and expected commencement date:</p> <p>The Bank will continue to engage closely with accounting and audit standard-setters and practitioners, both in the UK and through international groups, under the frameworks set out under ‘progress to date’. The Bank will continue to monitor the implementation of IFRS 9 ECL accounting by firms. We are looking in particular for: (a) concerns about the quality or consistency of application or of audit of those models, or (b) financial stability risks arising from those implementations. We are engaging internationally at Basel and EBA level on this work. The Bank is currently involved in the FSB work stream on audit quality.</p> <p>Web-links to relevant documents:</p>

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			<p>See, for reference, the following BCBS documents:</p> <ul style="list-style-type: none"> • <u>Supervisory guidance for assessing banks' financial instrument fair value practices (Apr 2009)</u> • <u>Guidance on credit risk and accounting for expected credit losses (Dec 2015)</u> 	<p>and audit regulator 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 Bank provides input to the standard setters on issues around consistent implementation of IFRS through its representation in the Basel Accounting Experts Group, the International Association of Insurance Supervisors, the European Banking Authority and the European Insurance and Occupational Pensions Authority (EIOPA). In addition, there are MoUs with the 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. On an on-going basis, the Bank 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 major UK banks to discuss, amongst other matters, any implementation issues with accounting standards, including implementation of IFRS 9 on expected credit loss accounting. The Bank and FPC also continue to meet with the FRC under the terms of reference described above.</p> <p>Highlight main developments since last year's survey:</p> <p>The PRA has made first use of its powers to request written reports by the external</p>	

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				<p>auditors of the major UK banks on areas of supervisory interest based on their 2016 year ends, further to the supervisory statement SS 1/16.</p> <p>Web-links to relevant documents:</p> <p>Policy Statement PS 1/16 on engagement between external auditors and supervisors, and the PRA’s disciplinary powers over external auditors and actuaries : http://www.bankofengland.co.uk/pradocuments/publications/ps/2016/ps116.pdf Supervisory Statement SS 1/16 on written reports by external auditors to the PRA: http://www.bankofengland.co.uk/pradocuments/publications/ss/2016/ss116.pdf</p>	

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VII. Enhancing risk management					
16 (16)	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 markets² will enhance their supervision of banks' operation in foreign currency funding markets. (FSB 2009)</p>	<p>Jurisdictions should indicate the measures taken in the following areas:</p> <ul style="list-style-type: none"> guidance to strengthen banks' risk management practices, including BCBS good practice documents (Corporate governance principles for banks, External audit of banks, and the Internal audit function in banks); measures to monitor and ensure banks' implementation of the BCBS Principles for Sound Liquidity Risk Management and Supervision (Sep 2008); measures to supervise banks' operations in foreign currency funding markets;¹ and extent to which they undertake stress tests and publish their results. <p>Jurisdictions should not provide any updates on the implementation of Basel III liquidity requirements (and other recent standards such as capital</p>	<p><input type="checkbox"/> Not applicable</p> <p><input type="checkbox"/> Applicable but no action envisaged at the moment</p> <p><i>If "Not applicable" or "Applicable but no action envisaged ..." has been selected, please provide a brief justification:</i></p> <p><input type="checkbox"/> Implementation ongoing:</p> <p><i>Status of progress [for legislation and regulation/guidelines only]:</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: Senior Managers and Certification Regime in statute as of 7 Mar 2016</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>Web-links to relevant documents:</p>

¹ Only the emerging market jurisdictions that are members of the FSB should respond to this specific recommendation.

² Only the emerging market jurisdictions that are members of the FSB may respond to this recommendation.

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		<p>We commit to conduct robust, transparent stress tests as needed. (Pittsburgh)</p>	<p>requirements for CCPs), since these are monitored separately by the BCBS.</p>	<p>Short description of the content of the legislation/ regulation/guideline:</p> <p>The effectiveness of firms’ risk management arrangements are monitored as part of an ongoing programme of continuous assessment. This assessment is informed by regular interaction with 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. Senior Managers and Certification Regime - on 7 Mar 2016, the PRA and FCA introduced a new regulatory framework for individuals working in deposit-takers and PRA-designated investment firms known as the Senior Managers and Certification Regime (SM&CR). The SM&CR seeks to strengthen individual accountability and corporate governance firms through:</p> <ul style="list-style-type: none"> • a clear allocation of responsibility to the most senior individuals; • explicit legal obligations on institutions to assess and certify the fitness and propriety of risk-taking employees at the point of appointment and annually thereafter; • rules of professional conduct which apply to virtually all employees. The SM&CR’s emphasis on individual accountability complements and reinforces collective decision-making. In particular, it recognises that collective decisions do not arise in a vacuum, but stem from input by individuals with defined responsibilities who should be 	

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				<p>accountable. While the SM&CR has been in force for just over a year, there are indications that it is having a positive impact. In particular:</p> <ul style="list-style-type: none"> • the emphasis on defined individual responsibilities has driven institutions to clarify and, in some cases review their governance and decision-making processes. As a result, there is now a clearer understanding on who has overall responsibility for institutions' key areas and activities. • the statutory requirement on Senior Managers to take reasonable steps in the performance of their duties has strengthened institutions' succession planning, delegation and handover policies and processes. The PRA and FCA have a legislative mandate to extend the SM&CR to all regulated financial services firms. We intend to consult on the extension in the course of 2017. <p>Liquidity: BCBS Principles for sound liquidity risk management and supervision: The Bank 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). New rules and a supervisory statement were published in PS 11/15 which carry over the requirements and expectations for firms' liquidity risk management into post-LCR policy material. The EBA issued guidelines on the supervisory review process, including for liquidity, in Dec 2014. Stress testing: The Bank's concurrent stress testing framework was established in Mar 2013. The framework builds on the previous approach taken by the PRA (and the FSA before that),</p>	

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				<p>under which supervisory stress tests had been conducted sequentially by individual banks. The Bank produced a discussion paper setting out the main features of the proposed stress-testing framework in the medium-term in Oct 2013 and published ‘The Bank of England’s approach to stress testing the UK banking system’ in Oct 2015. This document aims to provide clarity for firms and the wider public about our plans until 2018. It has been informed by the lessons learnt during the concurrent stress tests conducted in 2014 and 2015 and feedback to the 2013 Discussion Paper. The Bank has run three concurrent stress tests since the Mar 2013 FPC recommendation, and are in the process of running two new scenarios. The 2014 stress test focused on risks to the UK household sector; the 2015 stress test focused more on global risks associated particularly with a sharp contraction in growth in China and other EMEs; and, the 2016 test was the first run under the Bank’s new stress testing framework. The ‘Annual Cyclical Scenario’ featured a broad-based, global downturn.</p> <p>Highlight main developments since last year’s survey:</p> <p>Web-links to relevant documents: CRD IV - Liquidity policy statement: http://www.bankofengland.co.uk/pr/Pages/publications/ps/2015/ps1115.aspx</p>	

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17 (17)	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 IFRS 7 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 (Dec 2015), and set out any steps they have taken to foster adoption of the EDTF Principles and Recommendations.</p> <p>In addition, in light of the new IASB and FASB accounting requirements for expected credit loss recognition, jurisdictions should set out any steps they intend to take (if appropriate) to foster disclosures needed to fairly depict a bank's exposure to credit risk, including its expected credit loss estimates, and to provide relevant information on a bank's underwriting practices. Jurisdictions may use as reference the recommendations in the report by the Enhanced Disclosure Task Force on the Impact of Expected Credit Loss Approaches on Bank Risk Disclosures (Nov 2015), as well as the recommendations in Principle 8 of the BCBS Guidance on credit risk and</p>	<p><input type="checkbox"/> Not applicable</p> <p><input type="checkbox"/> Applicable but no action envisaged at the moment</p> <p><i>If "Not applicable" or "Applicable but no action envisaged ..." has been selected, please provide a brief justification:</i></p> <p><input type="checkbox"/> Implementation ongoing:</p> <p><i>Status of progress [for legislation and regulation/guidelines only]:</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: 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. In 2013, the Financial Policy Committee (FPC) recommended that "The PRA should ensure that all major UK banks and</p>	<p>Planned actions (if any) and expected commencement date:</p> <p>Engagement with firms on the implementation of Basel standards and on disclosures related to expected credit losses will continue over the next year. Work is ongoing with industry on ECL-related disclosures to assist comparability across firms once IFRS 9 is implemented.</p> <p>Web-links to relevant documents:</p>

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			<p><i>accounting for expected credit losses (Dec 2015)</i></p>	<p>building societies comply fully with the Oct 2012 recommendations of the Enhanced Disclosure Task Force (EDTF) upon publication of their 2013 annual reports.” Given the overall high level of compliance, and plans to improve disclosure further, it was judged in the FPC’s Q3 2014 meeting that this recommendation had been implemented. Since then, the PRA has continued to engage with the major UK banks on how their disclosures should continue to evolve in line with the EDTF principles.</p> <p>Highlight main developments since last year’s survey:</p> <p>The Bank continues to work with the major UK banks and building societies directly and via the British Bankers Association (BBA), to enhance their disclosures in their financial reports on an on-going basis. Over the past few years, there has been specific engagement on disclosures related to the implementation of expected credit loss accounting standards (IFRS 9). This engagement has taken into account the EDTF’s recommendations on this subject, and the PRA has encouraged major firms to ensure their disclosures on this topic promote transparency and comparability. The PRA has also engaged with firms to encourage, to the extent possible, the adoption for 2016 disclosures of the revised Basel Pillar 3 standards as published in Jan 2015, and the corresponding EBA guidelines (which apply from end-2017). Similarly, following the Mar 2017 update to Basel Pillar 3 standards, the PRA has held discussions with major firms to encourage application of certain</p>	

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				<p>templates within the updated standard for end-2017 disclosures.</p> <p>Web-links to relevant documents:</p> <p>http://www.bankofengland.co.uk/publications/Pages/Records/fpc/2013/record1307.aspx</p> <p>http://www.bankofengland.co.uk/publications/Pages/Records/fpc/2014/1410.aspx</p> <p>https://www.eba.europa.eu/regulation-and-policy/transparency-and-pillar-3/guidelines-on-disclosure-requirements-under-part-eight-of-regulation-eu-</p>	

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VIII. Strengthening deposit insurance					
18 (18)	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 that have not yet adopted an explicit national deposit insurance system should describe their plans to introduce such a system.</p> <p>All other jurisdictions should describe any significant design changes in their national deposit insurance system since the issuance of the revised IADI Core Principles for Effective Deposit Insurance Systems (November 2014).</p> <p>In addition, jurisdictions should indicate if they have carried out a self-assessment of compliance with the revised Core Principles:</p> <ul style="list-style-type: none"> • If so, jurisdictions should highlight the main gaps identified and the steps proposed to address these gaps; • If not, jurisdictions should indicate any plans to undertake a self-assessment exercise. 	<p><input type="checkbox"/> Not applicable</p> <p><input type="checkbox"/> Applicable but no action envisaged at the moment</p> <p><i>If “Not applicable“ or “Applicable but no action envisaged ...” has been selected, please provide a brief justification:</i></p> <p><input type="checkbox"/> Implementation ongoing:</p> <p><i>Status of progress [for legislation and regulation/guidelines only]:</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>In 2015, the Bank made significant revisions to the deposit guarantee scheme (FSCS) rules in the UK. Prior to these revisions, firms were required to be able to provide information on their covered deposits within 72 hours. The new</p>	<p>Planned actions (if any) and expected commencement date:</p> <p>Web-links to relevant documents:</p>

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				<p>requirements reduced the data provision timeline to 24 hours (on 1 Dec 2016). In addition, the data requirements were extended to include large corporate accounts and other accounts such as beneficiary accounts. This will facilitate faster pay out to the majority of depositors within a target of 7 days. On 3 Jul 2015 the UK deposit limit was set at £75,000 which was in line with €100,000 as required under the Deposit Guarantee Schemes Directive. Firms were required to notify affected depositors of the change to the deposit limit.</p> <p>Highlight main developments since last year's survey:</p> <p>Risk based levies: In Sep 2016, the PRA published final rules implementing risk-based levies following DGSD and EBA guideline requirements. Firms will be subject to their first risk based levies in Jul 2017. Deposit limit: The DGSD requires non-euro Member States to adjust their deposit protection limits every five years to ensure that they remain equivalent to €100,000. In addition, Member States must make an earlier adjustment following the occurrence of unforeseen events such as currency fluctuations. Taking into consideration developments in financial markets following the UK's referendum vote to leave the European Union, including with respect to the GBP/EUR exchange rate, the PRA considers that a structural shift in the exchange rate occurred. Therefore, in Jan 2017 the PRA published final rules resetting the deposit limit at £85,000 as of 30 Jan 2017. DGS Stress Testing: Pursuant to EBA guidelines, the FSCS has embarked</p>	

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				<p>on a formal testing plan to stress test its systems and operational capabilities. These tests include cross-border testing of home/host cooperation under the DGSD and a continuation of routine testing of firms' single customer view (SCV) files.</p> <p>Web-links to relevant documents: http://www.bankofengland.co.uk/pr/Pages/publications/ps/2016/ps2516.aspx http://www.bankofengland.co.uk/pr/Pages/publications/ps/2017/ps117.aspx</p>	

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IX. Safeguarding the integrity and efficiency of financial markets					
19 (19)	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 recommendations:</p> <ul style="list-style-type: none"> • in relation to dark liquidity, as set out in the IOSCO Report on Principles for Dark Liquidity (May 2011). • on the impact of technological change in the IOSCO Report on Regulatory Issues Raised by the Impact of Technological Changes on Market Integrity and Efficiency (Oct 2011). • on market structure made in the IOSCO Report on Regulatory issues raised by changes in market structure (Dec 2013). 	<p><input type="checkbox"/> Not applicable</p> <p><input type="checkbox"/> Applicable but no action envisaged at the moment</p> <p><i>If “Not applicable“ or “Applicable but no action envisaged ...” has been selected, please provide a brief justification:</i></p> <p><input type="checkbox"/> Implementation ongoing:</p> <p><i>Status of progress [for legislation and regulation/guidelines only]:</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: 2012 (The 2012 IOSCO report on market integrity and efficiency was aligned with how the FCA was already regulating in the UK. The FCA’s 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 on 3 Jan 2018.</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>Planned actions (if any) and expected commencement date:</p> <p>Web-links to relevant documents:</p>

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No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				<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>Recommendations from the Final Report on Regulatory Issues raised by the Impact of Technological Changes on Market Integrity and Efficiency. 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 Jun 2014 and application from Jan 2018,) 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 the Final Report on Principles for Dark Liquidity. Principles 1 to 6 are already covered by various provisions in 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</p>	

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				<p>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 Jun 2014 and application from Jan 2018) 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.</p> <p>Highlight main developments since last year's survey:</p> <p>The new Market Abuse Regulation (came into force on 3 Jul 2016) updates the existing 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>Web-links to relevant documents:</p> <p>MiFID and MiFIR legislation can be found on the European Commission homepage at http://ec.europa.eu/finance/securities/isd/</p>	

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				<p>mifid2/index_en.htm Guidelines on Systems and Controls can be found on the ESMA website at https://www.esma.europa.eu/sites/default/files/library/2015/11/esma_2012_122_en.pdf The relevant provisions under MAR can be found at: http://ec.europa.eu/finance/securities/abuse/index_en.htm</p>	

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No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
20 (20)	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><i>If "Not applicable" or "Applicable but no action envisaged ..." has been selected, please provide a brief justification:</i></p> <p><input checked="" type="checkbox"/> Implementation ongoing:</p> <p><i>Status of progress [for legislation and regulation/guidelines only]:</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: 3 Jan 2018</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</p>	<p>Planned actions (if any) and expected commencement date:</p> <p>Web-links to relevant documents:</p>

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				<p>second half of 2014. Areas which may 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 Oct 2012 its Principles for Oil Price Reporting Agencies. This was implemented in Oct 2013 and two rounds of external 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>	

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				<p>Highlight main developments since last year's survey:</p> <p>IOSCO has completed a formal review of the application of IOSCO Principles for Oil Price Reporting Agencies after their second year of implementation. A report was made to the IOSCO Board confirming successful implementation and an end to the implementation project.</p> <p>Web-links to relevant documents:</p>	

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21 (21)	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 FSB recommendations in this area, and ongoing IOSCO work to review the implementation of the IOSCO <i>Principles for Financial Benchmarks</i> .		

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No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
X. Enhancing financial consumer protection					
22 (22)	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 <i>G-20 high-level principles on financial consumer protection (Oct 2011)</i>.</p> <p>Jurisdictions may also refer to OECD’s <i>September 2013 and September 2014 reports</i> on effective approaches to support the implementation of the High-level Principles. The effective approaches are of interest across all financial services sectors – banking and credit; securities; insurance and pensions – and consideration should be given to their cross-sectoral character when considering implementation.</p> <p>Jurisdictions should, where necessary, indicate any changes or additions that have been introduced as a way to support the implementation of the High-level Principles, to address particular national terminology, situations or determinations.</p>	<p><input type="checkbox"/> Not applicable</p> <p><input type="checkbox"/> Applicable but no action envisaged at the moment</p> <p><i>If “Not applicable“ or “Applicable but no action envisaged ...” has been selected, please provide a brief justification:</i></p> <p><input type="checkbox"/> Implementation ongoing:</p> <p><i>Status of progress [for legislation and regulation/guidelines only]:</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: The FCA has participated in the G20/OECD Task Force on Financial Consumer Protection since its inception. Since Mar 2016, the FCA chairs the Task Force.</p>	<p>Planned actions (if any) and expected commencement date:</p> <p>Web-links to relevant documents:</p>

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				<p>Short description of the content of the legislation/ regulation/guideline:</p> <p>Highlight main developments since last year's survey:</p> <p>The FCA has pursued a number of initiatives over the past 12 months which demonstrate how its approach to protecting consumers is aligned with the G20/OECD Principles. Some examples include: Principle 3 – Equitable and Fair Treatment of Consumers The FCA published a study on access to financial services. Our paper aims to stimulate ideas and foster a culture of access and inclusion throughout retail financial services, that embraces firms, regulators, government and consumer organisations. Principle 4 – Disclosure and Transparency The FCA continued its work on Smarter Consumer Communications to encourage firms to improve the way they interact with their customers and think about how they can communicate key information more effectively. This included a policy statement to remove ineffective disclosure requirements in our Handbook. Principle 9 – Complaints Handling and Redress The FCA collates and publishes complaints data every six months. In Mar 2017 our biannual complaint data release will include a new, fuller data set to be more informative for consumers and the industry (including figures to put the number of complaints into context in relation to the size of each business), and will provide better intelligence to the FCA. Principle 10 – Competition The FCA has a dedicated Competition Division of approximately 90 staff who help to pursue the FCA's statutory</p>	
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				<p>competition objective. The FCA uses ‘market studies’ as the main tool for analysing competition concerns, with an in-depth look into how a particular market is functioning, and any arising competition issues. We are currently carrying out market studies on issues such, asset management and the mortgage market. In May 2016 the FCA launched the ‘regulatory sandbox’ to firms. The sandbox is a safe space in which businesses can test innovative products, services, business models and delivery mechanisms while ensuring that consumers are appropriately protected. The regulatory sandbox is part of Project Innovate, an initiative started in Oct 2014, to help encourage innovation in the interests of consumers and promote competition through disruptive innovation. G20/OECD Task Force on Financial Consumer Protection Since Mar 2016 the FCA has chaired the G20/OECD Task Force on Financial Consumer Protection. The work of the Task Force continues to focus on promoting effective consumer protection approaches, sharing information and intelligence among regulatory authorities, and contributing to the G20 goal of improving financial consumer protection.</p> <p>Web-links to relevant documents:</p> <p>continued from above G20/OECD Task Force on Financial Consumer Protection Since March 2016 the FCA has chaired the G20/OECD Task Force on Financial Consumer Protection. The work of the Task Force continues to focus on promoting effective consumer protection approaches, sharing information and intelligence among regulatory</p>	

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				<p>authorities, and contributing to the G20 goal of improving financial consumer protection. Key topics of discussion at the last meeting included digital financial inclusion, complaints handling, supporting mutual learning among regulatory authorities, and consumer protections trends and issues.</p>	

XI. Source of recommendations

[Hangzhou: G20 Leaders' Communique \(4-5 September 2016\)](#)

[Antalya: G20 Leaders' Communique \(15-16 November 2015\)](#)

[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 assesses 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.

ABCP: Asset-back Commercial Paper

ACS: Annual cyclical scenario

AIFM: Alternative Investment Fund Managers

BBA: British Bankers Association

CCyB: Countercyclical capital buffer

CRR/CRD: Capital Requirements Regulation/Directive

ESMA: European Securities and Markets Authority

FCA: Financial Conduct Authority

FPC: Financial Policy Committee (within the Bank of England)

FRC: Financial Reporting Council (responsible for consistent application and enforcement of accounting standards in the UK)

HMT: Her Majesty's Treasury

IOSCO: International Organization of Securities Commissions

MoU: Memoranda of Understanding

PRA: Prudential Regulatory Authority

SCR: Sectoral Capital Requirements

SDC: Supervisory Development Centres

SM&CR: Senior Managers and Certification Regime

TFSM: Task Force on Securitisation Markets

UCIT: Undertakings for the Collective Investment of Transferable Securities