Jurisdiction: United Kingdom

2016 IMN Survey of National Progress in the Implementation of G20/FSB Recommendations

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
I.	**Hedge funds**				
1 (1)	Registration, appropriate disclosures and oversight of hedge funds	We also firmly recommitted to work in an internationally consistent and non-discriminatory manner to strengthen regulation and supervision on hedge funds. (Seoul) 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)	Jurisdictions should indicate the progress made in implementing the high level principles in IOSCO's *Report on Hedge Fund Oversight (Jun 2009)*, *in particular recommendations 1 and 2*. In their response, jurisdictions should specify whether: - Hedge Funds (HFs) and/or HF managers are subject to mandatory registration - Registered HF managers are subject to appropriate ongoing requirements regarding: • Organisational and operational standards; • Conflicts of interest and other conduct of business rules; • Disclosure to investors; and • Prudential regulation. 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.	☐ **Not applicable** ☐ **Applicable but no action envisaged at the moment** ☐ **Implementation ongoing:** *Status of progress [for legislation and regulation/guidelines only]:* ☐ Draft in preparation, expected publication by: ☐ Draft published as of: ☐ Final rule or legislation approved and will come into force on: ☐ Final rule (for part of the reform) in force since : ☑ **Implementation completed as of:** Hedge fund managers were already subject to regulation/oversight prior to the 2007/8 crisis but this has been codified at European level through the AIFMD which was transposed into UK law in 2013. **Issue is being addressed through :** ☑ Primary / Secondary legislation ☑ Regulation /Guidelines ☑ Other actions (such as supervisory actions), please specify: Supervisory action and surveys (UK FCA Hedge Fund Survey) **Short description of the content of the legislation/ regulation/guideline:**	**If this recommendation has not yet been fully implemented, please provide reasons for delayed implementation:** **Planned actions (if any) and expected commencement date:** **Web-links to relevant documents:** Link to the European Commission's page on AIFMD: http://ec.europa.eu/finance/investment/alternative_investments/index_en.htm

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

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				automate processes. **Highlight main developments since last year's survey:** The FCA successfully released the last public report on the Hedge Fund Survey in June 2015, with data as at September 2014. **Web-links to relevant documents:** http://www.fca.org.uk/static/documents/hedge-fund-survey.pdf Link to the UK transposition of AIFMD rules: https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/198211/aifm_regulations_090513.pdf Link to the UK's FUND Sourcebook, which is where the FCA has transposed AIFMD: https://fshandbook.info/FS/html/FCA/FUND	

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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)	Jurisdictions should indicate the progress made in implementing the high level principles in IOSCO's Report on Hedge Fund Oversight (Jun 2009) on sharing information to facilitate the oversight of globally active fund managers. In addition, jurisdictions should state whether they are: - Signatory to the IOSCO MMoU - Signatory to bilateral agreements for supervisory cooperation that cover hedge funds and are aligned to the 2010 IOSCO Principles Regarding Cross-border Supervisory Cooperation.	☐ **Not applicable** ☐ **Applicable but no action envisaged at the moment** ☐ **Implementation ongoing:** *Status of progress [for legislation and regulation/guidelines only]:* ☐ Draft in preparation, expected publication by: ☐ Draft published as of: ☐ Final rule or legislation approved and will come into force on: ☐ Final rule (for part of the reform) in force since : ☑ **Implementation completed as of:** The AIFMD came into force in July 2011 and was transposed into national law from July 2013. All AIFMs were required to comply with relevant AIFMD requirements from July 2014. **Issue is being addressed through :** ☑ Primary / Secondary legislation ☑ Regulation /Guidelines ☑ 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). **Short description of the content of the**	**If this recommendation has not yet been fully implemented, please provide reasons for delayed implementation:** **Planned actions (if any) and expected commencement date:** Data is being transferred to ESMA who are working on a European wide analysis. **Web-links to relevant documents:**

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				legislation/ regulation/guideline: 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. **Highlight main developments since last year's survey:** 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",	

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				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 October 2013, IOSCO released the second report on the Global HF Survey with data as at September 2012. A third data collection effort started in 2014, which the FCA was actively engaged in. IOSCO published the results of this exercise in December 2015 (link below). **Web-links to relevant documents:** Report on the third IOSCO Hedge Fund Survey (December 2015): https://www.iosco.org/library/pubdocs/pdf/IOSCOPD515.pdf	

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3 (3)	Enhancing counterparty risk management	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) Supervisors will strengthen their existing guidance on the management of exposures to leveraged counterparties. (Rec. II.17, FSF 2008)	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. In particular, jurisdictions should indicate whether they have implemented recommendation 3 of the IOSCO *Report on Hedge Fund Oversight (Jun 2009)*. 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. 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.	☐ **Not applicable** ☐ **Applicable but no action envisaged at the moment** ☐ **Implementation ongoing:** *Status of progress [for legislation and regulation/guidelines only]:* ☑ Draft in preparation, expected publication by: BCBS capital requirements for banks' equity investments in funds will be implemented via European Union legislation. ☐ Draft published as of: ☐ Final rule or legislation approved and will come into force on: ☐ Final rule (for part of the reform) in force since : ☑ **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. **Issue is being addressed through :** ☑ Primary / Secondary legislation ☑ Regulation /Guidelines ☑ Other actions (such as supervisory actions), please specify: **Short description of the content of the legislation/ regulation/guideline:**	**Planned actions (if any) and expected commencement date:** **Web-links to relevant documents:** http://www.bankofengland.co.uk/pra/Documents/publications/ps/2015/ps1715update.pdf

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				Articles 286 – 294 of the CRR define standards for management of counterparty credit risk (CCR), organisational structures, stress testing, management of wrong-way risk and validation. **Highlight main developments since last year's survey:** The Bank has an on-going continuous assessment cycle for major firms. This includes frequent meetings that involve discussion of key exposures with management, and a bi-annual survey of banks' exposures to hedge funds and informs firm supervisors of the results. The Bank finalised its Statement of Policy in July 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. **Web-links to relevant documents:** http://www.bankofengland.co.uk/pra/Documents/publications/sop/2015/p2method	

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				ologies.pdf	

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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)	Jurisdictions should indicate the policy measures taken for strengthening the regulatory and capital framework for monoline insurers (where these exist). See, for reference, the following principles issued by IAIS: • *ICP 13* – Reinsurance and Other Forms of Risk Transfer; • *ICP 15* – Investments; and • *ICP 17* - Capital Adequacy. Jurisdictions may also refer to: • IAIS *Guidance paper on enterprise risk management for capital adequacy and solvency purposes (Oct 2008).* • Joint Forum document on *Mortgage insurance: market structure, underwriting cycle and policy implications (Aug2013)*.	☐ **Not applicable** ☐ **Applicable but no action envisaged at the moment** ☐ **Implementation ongoing:** *Status of progress [for legislation and regulation/guidelines only]:* ☐ Draft in preparation, expected publication by: ☐ Draft published as of: ☐ Final rule or legislation approved and will come into force on: ☐ Final rule (for part of the reform) in force since : ☑ **Implementation completed as of:** 1 January 2016 **Issue is being addressed through :** ☑ Primary / Secondary legislation ☑ Regulation /Guidelines ☐ Other actions (such as supervisory actions), please specify: **Short description of the content of the legislation/ regulation/guideline:** Monolines are expected to meet the Solvency II requirements related to solvency, governance and reporting and disclosure. **Highlight main developments since last**	**Planned actions (if any) and expected commencement date:** **Web-links to relevant documents:**

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II. Securitisation					
				year's survey: **Web-links to relevant documents:** http://ec.europa.eu/finance/insurance/solvency/solvency2/index_en.htm	

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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)	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. Jurisdictions may reference IOSCO's report on *Good Practices in Relation to Investment Managers' Due Diligence When Investing in Structured Finance Instruments (Jul 2009).* Jurisdictions may also refer to the Joint Forum report on *Credit Risk Transfer-Developments from 2005-2007 (Jul 2008).*	☐ **Not applicable** ☐ **Applicable but no action envisaged at the moment** ☐ **Implementation ongoing:** *Status of progress [for legislation and regulation/guidelines only]:* ☐ Draft in preparation, expected publication by: ☐ Draft published as of: ☐ Final rule or legislation approved and will come into force on: ☐ Final rule (for part of the reform) in force since : ☑ **Implementation completed as of:** Completed as of end 2010. For insurance completed in 2016. Please see European Commission response **Issue is being addressed through :** ☑ Primary / Secondary legislation ☑ Regulation /Guidelines ☐ Other actions (such as supervisory actions), please specify: **Short description of the content of the legislation/ regulation/guideline:** On structured products as securitisation products (See also Q6): The reform consisted in different sectoral enhancements of due diligence requirements for investing entities. This	**If this recommendation has not yet been fully implemented, please provide reasons for delayed implementation:** **Planned actions (if any) and expected commencement date:** The Bank and the FCA have supported the work of the BCBS-IOSCO Task Force on Securitisation Markets (TFSM) to develop a framework for simple, transparent and comparable (STC) securitisation – see also Q6. The TFSM is now considering work on similar criteria for short-term securitisation. The European Commission has proposed a new integrated approach to securitisation regulation in the EU in September 2015, which is currently being negotiated. STC/STS should facilitate investors' due diligence on more structural aspects, but investors would still retain due diligence obligations regarding the key risks and drivers such as creditworthiness of underlying assets. The FCA will continue to monitor the structured product market to check whether firms are meeting our requirements. Should further issues be

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

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				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. **Highlight main developments since last year's survey:** On securitisation The European Commission proposed a new integrated approach to securitisation regulation in the EU in September 2015, which is currently being negotiated. The Bank supports the fact that securitisations complying with the harmonised set of core criteria for STS transactions, would under the proposed approach qualify for a differentiated treatment under various EU sectoral regulations, applicable to banks, insurers, investment funds, etc. (e.g. in terms of capital requirements, liquidity, investment rules). On structured products more generally, there is ongoing monitoring in line with existing guidance and the ESMA opinion on good practices of product governance for structured products which was published in March	

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				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. **Web-links to relevant documents:** On securitisation BoE/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 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	

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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)	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. 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.	☐ **Not applicable** ☐ **Applicable but no action envisaged at the moment** ☐ **Implementation ongoing:** *Status of progress [for legislation and regulation/guidelines only]:* ☐ Draft in preparation, expected publication by: ☐ Draft published as of: ☐ Final rule or legislation approved and will come into force on: ☐ Final rule (for part of the reform) in force since : ☑ **Implementation completed as of:** Revisions to CRR came into force in 2010 **Issue is being addressed through :** ☑ Primary / Secondary legislation ☐ Regulation /Guidelines ☐ Other actions (such as supervisory actions), please specify: **Short description of the content of the legislation/ regulation/guideline:** See also Q 5. The Basel Committee adopted revisions to the Basel II framework to strengthen due diligence requirements (Basel 2.5) for banks investing in securitisations. Former CRD2, now CRR(and similarly Solvency	**If this recommendation has not yet been fully implemented, please provide reasons for delayed implementation:** **Planned actions (if any) and expected commencement date:** The Bank of England and the FCA support the agenda of the BCBS-IOSCO Task Force on Securitisation Markets (TFSM) to develop a framework for simple, transparent and comparable (STC) securitisation. The Bank supports the agenda of the European Commission to develop a framework for simple, transparent and standardised securitisation (using existing work at the international and EU level). This is part of the European Commission's broader initiative on CMU. **Web-links to relevant documents:**

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				II delegated act, and AIFMD for other types of investors) implemented these disclosure requirements by requiring that investors ensure key information is made available to them and conduct appropriate due diligence and stress testing. These came into force on 31 December 2010 and are now part of the CRR. The latest revision to Credit Rating Agencies Regulation (CRA3) mirrors these requirements by ensuring adequate disclosure for securitisation (initial and ongoing) to investors. It requires EU securitisers to disclose to the public information on securitisation (e.g. credit quality, and performance of the underlying assets, structure, cash flows and any information necessary to conduct comprehensive and well informed stress tests). The European Commission adopted a delegated act with more precise requirements on information to be reported under a public website to be set up by ESMA from 1st January 2017. The European Commission's proposed Securitisation Regulation (published in September 2015 and currently under negotiation) aims to strengthen and harmonise existing disclosure requirements.	

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				Highlight main developments since last year's survey: 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 been developing criteria (high level principles) to identify simple, transparent and comparable securitisations at the international level (published on 23 July 2015). The TFSM is now considering work on similar criteria for short term securitisation. The Bank and the FCA have engaged in BCBS work to incorporate those criteria into the capital framework. In particular, 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 July 11 2016). **Web-links to relevant documents:** BoE/ECB Joint response to the COM CP on securitisation http://www.bankofengland.co.uk/financialstability/Pages/securitisation/default.aspx http://www.esma.europa.eu/system/files/2014-685_draft_rts_under_cra3_regulation.pdf BCBS Basel III Document: Revisions to	

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				the securitisation framework, Amended to include the alternative capital treatment for "simple, transparent and comparable" securitisations https://www.bis.org/bcbs/publ/d374.pdf	

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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)	Jurisdictions should indicate: (1) whether they have identified domestic SIFIs and, if so, in which sectors; (2) whether the names of the identified SIFIs have been publicly disclosed; and (3) the types of policy measures taken for implementing consistent, consolidated supervision and regulation of the identified SIFIs. In their response to (3) above, jurisdictions should note any significant changes in their approach, strategy or practices to enhance SIFI supervision. Jurisdictions should mention, but 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. See, for reference, the following documents: BCBS: • *Framework for G-SIBs (Jul 2013)* • *Framework for D-SIBs (Oct 2012)* IAIS: • *Global Systemically Important Insurers: Policy Measures (Jul 2013)*	☐ **Not applicable** ☐ **Applicable but no action envisaged at the moment** ☑ **Implementation ongoing:** *Status of progress [for legislation and regulation/guidelines only]:* ☐ Draft in preparation, expected publication by: ☐ Draft published as of: ☐ Final rule or legislation approved and will come into force on: ☑ Final rule (for part of the reform) in force since : G-SIBs: 2014; O-SIIs (D-SIBs): 2016 ☐ **Implementation completed as of:** **Issue is being addressed through :** ☑ Primary / Secondary legislation ☑ Regulation /Guidelines ☑ Other actions (such as supervisory actions), please specify: Enhanced supervision **Short description of the content of the legislation/ regulation/guideline:** 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	**Planned actions (if any) and expected commencement date:** G-SIBs: The UK G-SIBs continue to be identified on an annual basis and the names published on the Bank website (as well as the FSB one) at the start of the year following the FSB announcement (with the first publication made in February 2015). D-SIBs: The UK'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 (with the first publication made in February 2016). G-SIIs: The designation of Global Systemically Important Insurers (G-SIIs) continues to be an annual exercise, with the list of the designated insurers being announced by the FSB. The Bank will continue to work actively within the FSB and IAIS to develop internationally agreed capital policy measures applicable to G-SIIs. The Bank will continue to work with UK G-SIIs to ensure they continue to meet the G-SII policy

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			and initial assessment methodology • *IAIS SRMP guidance - FINAL (Dec 2013)* • *Guidance on Liquidity management and planning (Oct 2014)* FSB: • *Framework for addressing SIFIs (Nov 2011)*	applies more intensive supervision to 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 (PIF), set out in the 'PRA Approach to Banking Supervision' (March 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. **Highlight main developments since last year's survey:** D-SIBs (known as O-SIIs): The Bank has finalised its framework for identifying other systemically important institutions (O-SIIs), in line with the	requirements. **Web-links to relevant documents:**

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				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. 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. The PRA is currently consulting on its implementation of the SRB framework. The consultation closes on 28 October 2016. For PRA's implementation of the SRB framework see: http://www.bankofengland.co.uk/pra/Pages/publications/cp/2016/cp2716.aspx G-SIIs: The Bank has been working with the UK G-SIIs to implement the G-SII policy	

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				measures, following the timetable laid out by the IAIS. The Bank has also been heavily involved in the IAIS's work to develop the Basic Capital Requirement (BCR) and Higher Loss Absorbency (HLA) to be applied to G-SIIs. **Web-links to relevant documents:** PRA Approach to banking supervision: http://www.bankofengland.co.uk/publications/Pages/other/pra/supervisoryapproach.aspx Framework for G-SIBs (updated July 2013): http://www.bis.org/publ/bcbs255.htm The PRA's approach to identifying O-SIIs: http://www.bankofengland.co.uk/pra/Pages/publications/sop/2016/approachtoosii.aspx The Financial Policy Committee's framework for the systemic risk buffer: http://www.bankofengland.co.uk/financialstability/Documents/fpc/srbf_cp260516.pdf For framework relating to G-SIIs see: http://www.financialstabilityboard.org/press/pr_130718.pdf	

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8 (8)	Establishing supervisory colleges and conducting risk assessments	To establish the remaining supervisory colleges for significant cross-border firms by June 2009. (London) We agreed to conduct rigorous risk assessment on these firms [G-SIFIs] through international supervisory colleges. (Seoul)	Reporting in this area should be undertaken solely by home jurisdictions of G-SIBs and G-SIIs. Please indicate the progress made in establishing and strengthening the functioning of supervisory colleges for G-SIBs and G-SIIs, including the development of any joint supervisory plans within core colleges and leveraging on supervisory activities conducted by host authorities. See, for reference, the following documents: BCBS: • *Principles for effective supervisory colleges (Jun 2014)* • *Progress report on the implementation of principles for effective supervisory colleges (Jul 2015)* IAIS: • 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)*	☐ **Not applicable** ☐ **Applicable but no action envisaged at the moment** ☐ **Implementation ongoing:** *Status of progress [for legislation and regulation/guidelines only]:* ☐ Draft in preparation, expected publication by: ☐ Draft published as of: ☐ Final rule or legislation approved and will come into force on: ☐ Final rule (for part of the reform) in force since : ☑ **Implementation completed as of:** 2015 **Issue is being addressed through :** ☑ Primary / Secondary legislation ☑ Regulation /Guidelines ☑ Other actions (such as supervisory actions), please specify: **Short description of the content of the legislation/ regulation/guideline:** As per the documents and Implementing Technical Standards described in the 'Remarks' column left. (i) Supervisory Colleges PRA Home perspective - The Bank has well-established bank-specific supervisory	**If this recommendation has not yet been fully implemented, please provide reasons for delayed implementation:** **Planned actions (if any) and expected commencement date:** **Web-links to relevant documents:** Draft Article 4 of EBA/RTS/2014/16 - https://www.eba.europa.eu/documents/10180/935300/EBA-RTS-2014-16+and+EBA-ITS-2014-07+%28Final+draft+RTS+and+ITS+on+Colleges+of+Supervisors%29.pdf

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				colleges for the four U.K. banking groups with material cross-border operations (HSBC, SCB, Barclays and RBS). For one of these, the host authorities of two countries where the group has significant branches participate in the college. For U.K. banking groups with international operations that are not material, the Bank has conferred with EBA and potential college members to agree that College arrangements are not needed; however, it relies on supervisory cooperation/information sharing MoUs or Exchanges of Letters (EoLs) as a support for information sharing and cooperation with relevant host supervisors. The Bank reviews the membership of colleges annually, based on the firm data on the size of business activities in different jurisdictions, and taking into account the risk profile and systemic importance of the banking group and the corresponding needs of its supervisors. For the largest banks there are multiple colleges: • Core College. Meets twice a year and has quarterly teleconferences. • General College, comprising Core College members plus other EU regulators, for meeting EU college requirements for Joint Risk Assessment and Decision	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				(JRAD) by the college. Meets annually and has teleconferences for JRAD discussions and the exchange of information for stress test results etc. General colleges can include also non-EU regulators. • Global College, where the PRA invites regulators from all jurisdictions where a firm operates. Meets annually. • Regional core colleges for the regulators of the most important branches and subsidiaries of the firm in the region. • Crisis Management Groups (CMG) for the purposes of cross border cooperation and coordination with relevant host authorities. Host perspective For U.K. subsidiaries of EEA groups, European law requires that the Bank be invited by the consolidating European supervisor to participate in college activities and it is involved in joint decisions on prudential and recovery and resolution decisions concerning the subsidiary and the group (Articles 113 and 116(6) of CRD4; see also the draft Article 4 of EBA/RTS/2014/16). The FCA also participates in supervisory colleges to ensure international co-ordination amongst supervisors of global groups. Where the FCA is the home regulator it participated in domestic supervisory	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				colleges alongside the PRA. Where the FCA is not the home regulator but the group has a significant impact on the UK, the FCA will attend international colleges when invited or when relevant issues are discussed. Bank of England Home and Host Perspective for CCPs: For CCPs, the Bank continues to expand the global supervisory colleges that it operates for major cross-border UK central counterparties (CCPs). In addition, the Bank chairs colleges of EU regulators for each of the UK CCPs. These colleges are mandated by the European Market Infrastructure Regulation (EMIR). The Bank, in its capacity as supervisor of clearing members and/or post-trade infrastructure, also participates in 14 EMIR colleges for non-UK CCPs. The FCA participates in 17 EMIR colleges for CCPs established in the UK and other EU jurisdictions. The FCA participates in its capacity as regulator of the activities of clearing member firms, and/or regulator of trading venues served by the relevant CCPs. (continues below) **Highlight main developments since last year's survey:** (continued from above) In 2015, the Bank, in its capacity as resolution	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				authority, also formed a Crisis Management Group (CMG) on resolution planning for LCH.Clearnet Ltd, the first CMG for any CCP globally. (ii) Risk Assessments Supervisors must apply their judgment to determine the precise approach to risks facing individual firms as well as risks that firms pose to the broader safety and soundness of the financial system within a framework. The framework that supervisors should apply is set out in the PRA's Approach to supervision. Three areas of focus comprise the risk framework: 1) The potential impact a firm could have on the country's broader financial stability; 2) The risk context, or how the environment and the business risks a firm faces affect the viability of the firm; and 3) Mitigating factors that may exist, such as the governance and management oversight; financial strength; and resolvability of the firm. The supervisory approach varies the frequency and intensity of supervisory activities based on a firm's potential impact on financial stability; its proximity to failure (reflecting the PRA's risk model and the PRA's Proactive	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				Intervention Framework); and its resolvability. For larger firms, the Bank conducts this work through ongoing reviews, though the PRA does not necessarily evaluate each element each year. The supervisory cycle includes a "periodic summary meeting" (PSM) in which the scores for a firm are reviewed and capital and liquidity guidance is set; and a mid-point review for large to medium-size firms. For small firms, the periodic summary meeting may encompass a group of firms simultaneously. For U.K. branches of non-EEA banks, the Bank follows SS10/14 to determine whether the branch is outside risk appetite and would not be allowed to operate as a branch in the U.K. The risk appetite is formalised in a decision tree, where the first check is whether the Home state's supervision is deemed sufficiently equivalent: if not, the branch is considered outside risk appetite; otherwise the Bank verifies whether the Home state supervisor accepts responsibility for the branch. In case it does, if the branch of a non-EEA bank contains a Critical Economic Function,	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				then in addition to the equivalence and responsibility conditions, the Bank requires a high level of assurance over resolution for the branch to remain inside risk appetite and to follow the agreed split of responsibilities between Home and Host states. The FCA also operates a risk-based supervision approach. Firms subject to FCA supervision are divided into two categories, 'fixed portfolio' and 'flexible portfolio'. The categories are based on the size, market presence, number of customers and other characteristics. 'Fixed portfolio' firms receive a named FCA supervisor who oversees the FCA's ongoing supervision of that firm. The remaining firms form the 'flexible portfolio' category, for which a specific supervisor is not assigned. These firms are supervised in various ways, including through thematic reviews, education and engagement programmes, baseline monitoring, and through dealing with crystallised risk that exceeds the FCA's risk appetite. For banks that are subject to supervision on an individual basis by the FCA, the FCA's approach includes a 'firm	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				evaluation' that considers the nature and extent of risks that a firm poses to the FCA's statutory objectives. The firm evaluation includes an analysis of ten underlying risk groups, which include the external environment; the business model and strategy; the effectiveness of management and conduct culture; the effectiveness of front line functions; the client asset and financial crime framework; the effectiveness of governance and control functions; and prudential risk, among others. **Web-links to relevant documents:**	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
9 (9)	Supervisory exchange of information and coordination	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) Enhance the effectiveness of core supervisory colleges. (FSB 2012)	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. 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).	☐ **Not applicable** ☐ **Applicable but no action envisaged at the moment** ☐ **Implementation ongoing:** *Status of progress [for legislation and regulation/guidelines only]:* ☐ Draft in preparation, expected publication by: ☐ Draft published as of: ☐ Final rule or legislation approved and will come into force on: ☐ Final rule (for part of the reform) in force since : ☑ **Implementation completed as of:** An extensive set of MoUs to support supervisory cooperation and information exchange already exists, although work is in train to update and /or supplement information sharing arrangements, including in relation to resolution planning. **Issue is being addressed through :** ☑ Primary / Secondary legislation ☐ Regulation /Guidelines ☑ Other actions (such as supervisory actions), please specify: Supervisory action subject to legislative constraint **Short description of the content of the legislation/ regulation/guideline:**	**Planned actions (if any) and expected commencement date:** The Bank and FCA have each reviewed their information sharing arrangements with non-EEA competent authorities, to ensure that these appropriately reflect the new institutional structure of regulation in the UK and facilitate effective supervisory cooperation and information sharing. The Bank has written to each of its non-EEA MoU counterparties, advising them about further reform of the Bank of England's governance arrangements. The reforms include transferring the PRA's functions to the Bank and establishing a new Prudential Regulation Committee (PRC) within the Bank, which will be responsible for exercising the functions of the PRA (the 'prudential regulation functions'). As such, the PRA will be a part of the Bank (although the PRA 'brand' will remain) rather than its subsidiary. As a consequence and once de-subsidiarisation has taken place (we expect later in 2016), each of the MoUs will be grandfathered from the PRA to the Bank. The Bank and FCA share and receive information about cross-border firms within the legal

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				Both the Bank 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. **Highlight main developments since last year's survey:** The Bank 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. A further revised MoU is in place with the Jersey Financial Services Commission. Discussions with other non-EEA jurisdictions and competent authorities are continuing. The FCA has also continued negotiations on a number of new bilateral MoUs with non-EEA regulatory authorities. **Web-links to relevant documents:** Those MoUs that are published may be found on the Bank's website, at	framework set by domestic and European legislation and where appropriate gateways exist. The relationship between the UK authorities is supported by a MoU that sets out the high-level framework for coordination and co-operation. **Web-links to relevant documents:**

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				http://www.bankofengland.co.uk/about/Pages/mous/default.aspx The FCA's publicly-available MoUs are available at http://www.fca.org.uk/your-fca/list?ttypes=MoU+International&yyear=&ssearch	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
10 (10)	Strengthening resources and effective supervision	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) 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) 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)	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)]().	☐ **Not applicable** ☐ **Applicable but no action envisaged at the moment** *If " Not applicable " or "Applicable but no action envisaged ..." has been selected, please provide a brief justification:* ☐ **Implementation ongoing:** *Status of progress [for legislation and regulation/guidelines only]:* ☐ Draft in preparation, expected publication by: ☐ Draft published as of: ☐ Final rule or legislation approved and will come into force on: ☐ Final rule (for part of the reform) in force since: ☒ **Implementation completed as of:** 1 January 2014 **Issue is being addressed through :** ☒ Primary / Secondary legislation ☒ Regulation /Guidelines ☐ Other actions (such as supervisory actions), please specify: **Short description of the content of the legislation/ regulation/guideline:** The EU has put in place a comprehensive set of rules concerning effective supervision. Directive 2013/36/EU provides for the general powers and measures that	**Planned actions (if any) and expected commencement date:** **Web-links to relevant documents:**

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				supervisors shall have (art. 102-104), the power to impose penalties (art. 18 and 64) and the procedure to follow to carry out banks' supervision (art. 97-98). Among the powers entrusted to supervisors, there is the obligation to carry out stress testing at least annually (Art. 100). Primary legislation has been complemented principally by the EBA guidelines on supervisory review and evaluation process, applicable since January 2016. (cont.) 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 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	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				forward looking judgement based approach. The PRA delivered the first concurrent stress tests; published a review of the authorisation process for banks with the aim to reduce barriers to entry in the banking sector; sought to make improvements in its review of banking and insurance models; published its policy and supervisory statements on its approach to supervising international branches; made changes to its policies on governance by delivering the Senior Managers Regime; consulted on a new Pillar 2 framework seeking to align the CRDIV regime and the PRA supervisory approach; conducted cross bank contingency planning and developed a strategy to enable more effective use of data to inform the collection of valid, accurate and meaningful information and undertook a stocktake of data requirements. (continues below) **Highlight main developments since last year's survey:** (continues from above) The PRA has a people strategy, including talent management practices. This includes attracting appropriately skilled staff. This year, a successful strategic recruitment campaign was established to fill gaps in resourcing supervisory areas. Risk specialists can be more difficult to attract given salary differentials with commercial organisations, however we have a 90% acceptance rate. 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	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				experience base. More generally bi-annual talent and succession planning discussions take place for all staff, with outcomes for more senior staff discussed by the Executive Committee, and staff have a career conversation at least annually. A training needs analysis is facilitated by the central learning and development team with input from across the supervision business areas, which ensures the provision of training by the central team meets current and future needs over the medium term. Learning and development analysis is conducted by individual supervisors and team managers through performance management. Through the application of technical competencies to individual roles, supervisors are able to agree key development areas for the performance year and access training and development through either the central frameworks or at a local level through divisional frameworks. 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 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. The Bank will also launch 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 will offer a post-graduate qualification in central banking with an option to study further at Masters level	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				and conduct research in regulation. In 2015, a new independent Payment Systems Regulator was established as a subsidiary of the FCA, with the aim of promoting innovation and competition in the UK's payment systems sector. Details about how the FCA is structured, and how resources are allocated are set out in the FCA's annual business plan which is published on the FCA's website. The FCA, in partnership with the Henley Business School and the Chartered Institute for Securities and Investment (CISI), has established a post-graduate Masters qualification (MSc) in Financial Regulation which is open to all FCA staff. The MSc focuses exclusively on financial regulation, covering a broad range of topics. **Web-links to relevant documents:** EBA guidelines on supervisory review and evaluation process: https://www.eba.europa.eu/documents/10180/935249/EBA-GL-2014-13+(Guidelines+on+SREP+methodologies+and+processes).pdf	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
IV.	**Building and implementing macroprudential frameworks and tools**				
11 (11)	Establishing regulatory framework for macro-prudential oversight	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[1] and private pools of capital to limit the build up of systemic risk. (London) 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)	Please describe major changes in the institutional arrangements for macroprudential policy (structures, mandates, powers, reporting etc.) that have taken place since the global financial crisis, particularly over the past year. Please indicate whether an assessment has been conducted with respect to the adequacy of powers to collect and share relevant information among different authorities on financial institutions, markets and instruments to assess the potential for systemic risk. If so, please describe identified gaps in the powers to collect information, and whether any follow-up actions have been taken.	☐ **Not applicable** ☐ **Applicable but no action envisaged at the moment** ☐ **Implementation ongoing:** *Status of progress [for legislation and regulation/guidelines only]:* ☐ Draft in preparation, expected publication by: ☐ Draft published as of: ☐ Final rule or legislation approved and will come into force on: ☐ Final rule (for part of the reform) in force since: ☑ **Implementation completed as of:** 1 April 2013 through the Financial Services Act 2012, which was then supplemented with CRD IV in 2014. **Issue is being addressed through :** ☑ Primary / Secondary legislation ☐ Regulation /Guidelines ☐ Other actions (such as supervisory actions), please specify: **Short description of the content of the legislation/ regulation/guideline:**	**Planned actions (if any) and expected commencement date:** HM Treasury consulted on giving powers of direction to the Bank's Financial Policy Committee (FPC) on buy-to-let mortgage lending ahead of issuing final legislation. A final decision has not yet been taken. Once HM Treasury has made a final decision, the FPC will consider how it would use the powers of direction ahead of any such powers being approved by Parliament. **Web-links to relevant documents:**

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

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				The commencement of the Financial Services Act 2012 on 1 April 2013 implemented the Government's reforms to strengthen the financial regulatory structure in the UK. This legislation included the establishment, in statute, of a macro-prudential authority, the Financial Policy Committee (FPC) within the Bank, to monitor and take action to mitigate systemic risks. In addition, responsibility for prudential regulation of banks, insurers and major investment firms was transferred to the PRA as a subsidiary of the Bank. The PRA has information gathering powers as a result of the legislation and is participating actively in the FSB's data gaps programme to ensure improved data utilisation. **Highlight main developments since last year's survey:** In December 2015, HM Treasury publicly consulted on whether to extend the FPC's powers of direction over housing tools for owner-occupied mortgages to buy-to-let mortgages. This consultation closed in March 2016 and a final decision has not yet been taken. **Web-links to relevant documents:** http://www.bankofengland.co.uk/financialstability/Pages/fpc/default.aspx The	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				Financial Services Act 2012 and associated documentation: http://www.hmtreasury.gov.uk/fin_financial_services_bill.htm http://www.bankofengland.co.uk/publications/Pages/news/2014/058.aspx https://www.gov.uk/government/consultations/consultation-on-financial-policy-committee-powers-of-direction-in-the-buy-to-let-market/financial-policy-committee-powers-of-direction-in-the-buy-to-let-market	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
12 (12)	Enhancing system-wide monitoring and the use of macro-prudential instruments	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) 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) Authorities should monitor substantial changes in asset prices and their implications for the macro economy and the financial system. (Washington)	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. Please indicate the use of macroprudential tools in the past year, including the objective for their use and the process used to select, calibrate, and apply them. See, for reference, the following documents: • CGFS report on _Operationalising the selection and application of macroprudential instruments (Dec 2012)_ • FSB-IMF-BIS progress report to the G20 on _Macroprudential policy tools and frameworks (Oct 2011)_ • IMF staff papers on _Macroprudential policy, an organizing framework (Mar 2011)_, _Key Aspects of Macroprudential policy (Jun 2013)_, and _Staff Guidance on Macroprudential Policy (Dec 2014)_	☐ **Not applicable** ☐ **Applicable but no action envisaged at the moment** ☐ **Implementation ongoing:** *Status of progress [for legislation and regulation/guidelines only]:* ☐ Draft in preparation, expected publication by: ☐ Draft published as of: ☐ Final rule or legislation approved and will come into force on: ☐ Final rule (for part of the reform) in force since: ☑ **Implementation completed as of:** 1 April 2013 **Issue is being addressed through :** ☑ Primary / Secondary legislation ☐ Regulation /Guidelines ☐ Other actions (such as supervisory actions), please specify: **Short description of the content of the legislation/ regulation/guideline:** 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 regulators — the PRA and the FCA —	**Planned actions (if any) and expected commencement date:** **Web-links to relevant documents:**

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				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 April 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 FPC is responsible for setting the countercyclical capital buffer (CCyB) rate in the UK. **Highlight main developments since last year's survey:** In October 2015, the Bank published its approach to stress testing the UK banking	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				system. This introduced an annual cyclical scenario, the severity of which would vary systematically to reflect policymakers' assessment of the state of the financial cycle. This will inform the setting of the counter-cyclical capital policy by the FPC. In March 2016 the FPC set the CCyB rate above 0 for the first time at 0.5%. Since the previous survey (July 2015) the FPC has reciprocated CCyB rates for the Czech Republic and Iceland, and increases to the CCyB rate for Sweden and Hong Kong. All prevailing CCyB rates can be found on the Bank of England website at: http://www.bankofengland.co.uk/financialstability/Pages/fpc/ccbrates.aspx On 5 April 2016, the FPC also published a revised statement on its strategy to setting the CCyB rate for the UK, indicating an approach to have a CCyB rate in the region of 1% in a 'standard' risk environment. The publication also includes core indicators the FPC regularly monitors to support its CCyB decisions. In July 2016, the FPC reduced the UK countercyclical capital buffer rate from 0.5% to 0% of banks' UK exposures with	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				immediate effect. Absent any material change in the outlook, and given the need to give banks the clarity necessary to facilitate their capital planning, the FPC expects to maintain a 0% UK countercyclical capital buffer rate until at least June 2017. **Web-links to relevant documents:** http://www.bankofengland.co.uk/publications/Pages/news/2016/032.aspx http://www.bankofengland.co.uk/financialstability/Pages/fpc/ccbrates.aspx http://www.bankofengland.co.uk/publications/Documents/records/fpc/pdf/2016/record1607.pdf More information on tools and indicators is available on the FPC website under: http://www.bankofengland.co.uk/financialstability/Pages/fpc/default.aspx 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	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
V.	**Improving oversight of credit rating agencies (CRAs)**				
13 (13)	Enhancing regulation and supervision of CRAs	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) 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. 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. The oversight framework should be consistent across jurisdictions with appropriate sharing of information between national authorities, including through IOSCO. (London) Regulators should work together towards appropriate, globally compatible solutions (to conflicting compliance	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: • *Code of Conduct Fundamentals for Credit Rating Agencies (Mar 2015) (including governance, training and risk management)* Jurisdictions may also refer to the following IOSCO documents: • 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)* Jurisdictions should take into account the outcomes of any recent FSAP/ROSC assessment against those principles.	☐ **Not applicable** ☐ **Applicable but no action envisaged at the moment** ☐ **Implementation ongoing:** *Status of progress [for legislation and regulation/guidelines only]:* ☐ Draft in preparation, expected publication by: ☐ Draft published as of: ☐ Final rule or legislation approved and will come into force on: ☐ Final rule (for part of the reform) in force since : ☑ **Implementation completed as of:** 20 June 2013 (Implementation of CRA III) **Issue is being addressed through :** ☑ Primary / Secondary legislation ☑ Regulation /Guidelines ☐ Other actions (such as supervisory actions), please specify: The ongoing regulation and supervision of CRAs in Europe has been transferred to ESMA. **Short description of the content of the legislation/ regulation/guideline:** The EU CRA registration process has been completed and responsibility for	**If this recommendation has not yet been fully implemented, please provide reasons for delayed implementation:** **Planned actions (if any) and expected commencement date:** **Web-links to relevant documents:**

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
		obligations for CRAs) as early as possible in 2010. (FSB 2009) We encourage further steps to enhance transparency and competition among credit rating agencies. (St Petersburg)		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 January 2013. This has since been agreed and entered into force (known as CRA III) in June 2013. Regulatory Technical Standards (RTS) to implement CRA III were adopted on 30 September 2014. These three RTS aim to increase transparency in the CRA and ratings market, and come into force between January 2015 and January 2017. ESMA continues to negotiate bilateral MoUs between the EU and third country jurisdictions. The FCA continues to engage with the IOSCO and ESMA technical committees on CRAs. **Highlight main developments since last year's survey:** **Web-links to relevant documents:** https://www.esma.europa.eu/databases-library/esma-library?f%5B0%5D=im_esma_sections%3A348&f%5B1%5D=im_esma_sections%3A424	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
14 (14)	Reducing the reliance on ratings	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) 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) 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) We call for accelerated progress by national authorities and standard setting	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. Jurisdictions may refer to the following documents: • *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 (June 2015)* • IOSCO Sound Practices at Large Intermediaries Relating to the Assessment of Creditworthiness and the	☐ **Not applicable** ☐ **Applicable but no action envisaged at the moment** ☐ **Implementation ongoing:** *Status of progress [for legislation and regulation/guidelines only]:* ☐ Draft in preparation, expected publication by: ☐ Draft published as of: ☐ Final rule or legislation approved and will come into force on: ☐ Final rule (for part of the reform) in force since : ☑ **Implementation completed as of:** 2014 **Issue is being addressed through :** ☑ Primary / Secondary legislation ☑ Regulation /Guidelines ☑ Other actions (such as supervisory actions), please specify: **Short description of the content of the legislation/ regulation/guideline:** 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	**Planned actions (if any) and expected commencement date:** 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 (December 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. **Web-links to relevant documents:** 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

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
		bodies in ending the mechanistic reliance on credit ratings and encourage steps that would enhance transparency of and competition among credit rating agencies. (Los Cabos) 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)	Use of External Credit Ratings *(Dec 2015)*.	institutions' activities, to monitor that institutions do not solely or mechanistically 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 (December 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. **Highlight main developments since last year's survey:** For the insurance sector the Solvency II regime came into force in January 2016. **Web-links to relevant documents:** See CRD IV	securitisation (CRR amendments) http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:52015PC0473

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				http://eurlex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2013:176:0338:0436:En:PDF The PRA's Approach to Banking Supervision http://www.bankofengland.co.uk/publications/Documents/praapproach/bankingappr1603.pdf SS11/13 Internal Ratings Based (IRB) approaches http://www.bankofengland.co.uk/pra/Pages/publications/internalratings.aspx in particular paragraphs 12.30 and 12.31	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
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)	Jurisdictions should indicate the accounting standards that they follow and whether (and on what basis) they are of a high and internationally acceptable quality (eg equivalent to IFRSs as published by the IASB), and provide accurate and relevant information on financial performance. They should also explain the system they have for enforcement of consistent application of those standards. 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. As part of their response on this recommendation, jurisdictions should indicate the policy measures taken for appropriate application of fair value accounting. In addition, jurisdictions should set out any steps they intend to take (if appropriate) to foster transparent and consistent implementation of the new	☐ **Not applicable** ☐ **Applicable but no action envisaged at the moment** ☐ **Implementation ongoing:** *Status of progress [for legislation and regulation/guidelines only]:* ☐ Draft in preparation, expected publication by: ☐ Draft published as of: ☐ Final rule or legislation approved and will come into force on: ☐ Final rule (for part of the reform) in force since : ☑ **Implementation completed as of:** 2005 **Issue is being addressed through :** ☐ Primary / Secondary legislation ☑ Regulation /Guidelines ☑ 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 and audit regulator and the UK prudential	**Planned actions (if any) and expected commencement date:** 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 will also continue to be involved in the FSB work stream on audit quality. **Web-links to relevant documents:**

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
			accounting requirements for expected loan loss provisioning for impaired loans that are being introduced by the IASB and are scheduled to be introduced by the FASB. See, for reference, the following BCBS document: • *Supervisory guidance for assessing banks' financial instrument fair value practices (Apr 2009)*	supervisors of banks. **Short description of the content of the legislation/ regulation/guideline:** 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	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				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. **Highlight main developments since last year's survey:** In January 2016, a Policy Statement PS 1/16 on engagement between external auditors and supervisors, and the PRA's disciplinary powers over external auditors and actuaries was published. In addition, the Bank published a Supervisory Statement SS 1/16 on written reports by external auditors to the PRA **Web-links to relevant documents:** PS 1/16: http://www.bankofengland.co.uk/pra/Documents/publications/ps/2016/ps116.pdf SS 1/16: http://www.bankofengland.co.uk/pra/Documents/publications/ss/2016/ss116.pdf	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
VII.	**Enhancing risk management**				
16 (17)	Enhancing guidance to strengthen banks' risk management practices, including on liquidity and foreign currency funding risks	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) 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) Regulators and supervisors in emerging markets[1] will enhance their supervision of banks' operation in foreign currency funding markets. (FSB 2009) We commit to conduct robust, transparent stress tests as needed. (Pittsburgh)	Jurisdictions should indicate the policy measures taken to enhance guidance to strengthen banks' risk management practices. Jurisdictions may also refer to the following documents: • FSB's *thematic peer review report on risk governance (Feb 2013);* • Joint Forum's *Developments in credit risk management across sectors: current practices and recommendations (June 2015);* and • BCBS *Peer review of supervisory authorities' implementation of stress testing principles (Apr 2012)* and *Principles for sound stress testing practices and supervision (May 2009).*	☐ **Not applicable** ☐ **Applicable but no action envisaged at the moment** ☐ **Implementation ongoing:** *Status of progress [for legislation and regulation/guidelines only]:* ☐ Draft in preparation, expected publication by: ☐ Draft published as of: ☐ Final rule or legislation approved and will come into force on: ☐ Final rule (for part of the reform) in force since : ☑ **Implementation completed as of:** CRDIV/CRR legislation has applied since 1 January 2014 **Issue is being addressed through :** ☑ Primary / Secondary legislation ☑ Regulation /Guidelines ☑ Other actions (such as supervisory actions), please specify: The effectiveness of firms' risk management arrangements are monitored as part of an ongoing programme of	**Planned actions (if any) and expected commencement date:** Operational Risk: The BCBS published a consultation on the Standardised Measurement Approach (SMA) in March 2016. The BCBS aims to finalise this reform by the end of 2016. **Web-links to relevant documents:** Liquidity: PRA policy statement PS 11/15: http://www.bankofengland.co.uk/pra/Pages/publications/ps/2015/ps1115.aspx EBA SREP guidelines (titles 8 and 9 concern liquidity risk management): https://www.eba.europa.eu/regulation-and-policy/supervisory-review-and-evaluation-srep-and-pillar-2/guidelines-for-common-procedures-and-methodologies-for-the-supervisory-review-and-evaluation-process-srep- Operational risk: The review of the implementation of the Principles for the Sound management of Operational Risk (PSMOR): http://www.bis.org/publ/bcbs195.pdf Stress testing: http://www.bankofengland.co.uk/financialstability/Pages/fpc/stresstest.aspx

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

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				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. **Short description of the content of the legislation/ regulation/guideline:** 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	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				guidelines on the supervisory review process, including for liquidity, in December 2014. BCBS: The Liquidity Coverage Ratio (LCR) (Jan 2013): This was implemented in the European Union on 1 October 2015. The associated additional monitoring metrics will be implemented in part through EU rules in April 2016. The Bank has kept its own legacy reporting on the maturity ladder. Operational risk: The Bank is a member of the BCBS's Working Group on Operational Risk (WGOR). The WGOR has completed a review of the implementation of the BCBS's 'Principles for the Sound Management of Operational Risk (June 2011)'. In December 2014 the Basel Committee consulted on proposals to replace the standardised approaches used to calculate the Pillar 1 operational risk capital requirement with a single approach. Following feedback from industry, further work was undertaken to increase risk sensitivity. The new proposal, called the Standardised Measurement Approach (SMA), is intended to replace all existing standardised approaches and the internal model based Advanced Measurement Approach (AMA). A public consultation	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				on the SMA was issued in March 2016. The BCBS aims to finalise this reform by the end of 2016. Stress testing: The Bank's concurrent stress testing framework was established in March 2013. The framework builds on the previous approach taken by the PRA (and the FSA before that), 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 October 2013 and published an update 'The Bank of England's approach to stress testing the UK banking system' in October 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 two concurrent stress tests since the March 2013 FPC recommendation: • The 2014 stress test focused on risks to the UK household sector, and included a large fall in house prices and a sharp rise in unemployment, triggered in part by a	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				sharp rise in long-term interest rates. • The 2015 stress test, focused more on global risks, associated particularly with a sharp contraction in growth in China and other EMEs, as well as the euro area, accompanied by a fall in long-term interest rates. **Highlight main developments since last year's survey:** The Bank published 'The Bank of England's approach to stress testing the UK banking system' in October 2015, the results of its 2015 concurrent stress test in December 2015 and the key elements of the 2016 stress test and accompanying guidance on 29 March 2016. The results of the 2016 stress test will be published in 2016 Q4. In March 2016 the Bank published the first annual cyclical scenario designed under the new stress testing framework. The key features of this scenario are set out in the 'Key Elements of the 2016 stress test' publication, which also provides detail on how the hurdle rate framework discussed in the Approach Document has been implemented. Four UK banks participated in the EBA's 2016 EU-wide stress test. The results of this test were	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				published on 29 July 2016. **Web-links to relevant documents:** http://www.bankofengland.co.uk/financialstability/Pages/fpc/stresstest.aspx http://www.bankofengland.co.uk/financialstability/Documents/stresstesting/2015/approach.pdf http://www.eba.europa.eu/risk-analysis-and-data/eu-wide-stress-testing/2016	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
17 (18)	Enhanced risk disclosures by financial institutions	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) 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)	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.	☐ **Not applicable** ☐ **Applicable but no action envisaged at the moment** ☐ **Implementation ongoing:** *Status of progress [for legislation and regulation/guidelines only]:* ☐ Draft in preparation, expected publication by: ☐ Draft published as of: ☐ Final rule or legislation approved and will come into force on: ☐ Final rule (for part of the reform) in force since : ☑ **Implementation completed as of:** 2014 – but an area of ongoing work. **Issue is being addressed through :** ☐ Primary / Secondary legislation ☐ Regulation /Guidelines ☑ Other actions (such as supervisory actions), please specify: Engagement with firms **Short description of the content of the legislation/ regulation/guideline:** The major UK banks comply with the disclosure requirements as set out in the IFRSs as endorsed by the EU. **Highlight main developments since last year's survey:**	**Planned actions (if any) and expected commencement date:** During 2016, the Bank will engage with the major UK banks on the EDTFs December 2015 recommendations relating to changes that will need to be made to disclosures with the implementation of the new expected credit loss accounting standards. **Web-links to relevant documents:** http://www.financialstabilityboard.org/wp-content/uploads/Impact-of-expected-credit-loss-approaches-on-bank-risk-disclosures.pdf

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				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. Part of this work has involved engaging with the major UK banks and building societies to reach a shared understanding of the changes to disclosure required to comply fully with the recommendations of the Enhanced Disclosure Task Force (EDTF). See FPC recommendation 13/Q2/4: "The PRA should ensure that all major UK banks and building societies comply fully with the October 2012 recommendations of the EDTF upon publication of their 2013 annual reports." 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. **Web-links to relevant documents:**	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
VIII. Strengthening deposit insurance					
18 (19)	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)	Jurisdictions should describe any revisions made to national deposit insurance system, including steps taken to address the following recommendations of the FSB's February 2012 *thematic peer review report on deposit insurance systems:* • Adoption of an explicit deposit insurance system (for those jurisdictions that do not have one) • Addressing the weaknesses and gaps to full implementation of the *Core Principles for Effective Deposit Insurance Systems* issued by IADI in November 2014.	☐ **Not applicable** ☐ **Applicable but no action envisaged at the moment** ☐ **Implementation ongoing:** *Status of progress [for legislation and regulation/guidelines only]:* ☐ Draft in preparation, expected publication by: ☐ Draft published as of: ☐ Final rule or legislation approved and will come into force on: ☐ Final rule (for part of the reform) in force since : ☑ **Implementation completed as of:** End 2010 **Issue is being addressed through :** ☑ Primary / Secondary legislation ☑ Regulation /Guidelines ☐ Other actions (such as supervisory actions), please specify: **Short description of the content of the legislation/ regulation/guideline:** 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 provide information on their covered deposits	**Planned actions (if any) and expected commencement date:** The Bank expects to publish final rules on the PRA's intended approach to risk-based levies in H2 2016. **Web-links to relevant documents:**

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				within 72 hours. The new requirements reduce the data provision timeline to 24 hours (on 1.12.2016). 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 7 days. On 3 July 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 limit. **Highlight main developments since last year's survey:** On 4 March 2016, the Bank published a consultation paper outlining the PRA's intended approach to risk-based levies following DGSD and EBA guideline requirements. **Web-links to relevant documents:** http://www.bankofengland.co.uk/pra/Documents/publications/cp/2016/cp716.pdf	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
IX. Safeguarding the integrity and efficiency of financial markets					
19 (20)	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)	Jurisdictions should indicate whether high frequency trading and dark pools exist in their national markets. Jurisdictions should indicate the progress made in implementing the recommendations: • 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).*	☐ **Not applicable** ☐ **Applicable but no action envisaged at the moment** ☐ **Implementation ongoing:** *Status of progress [for legislation and regulation/guidelines only]:* ☐ Draft in preparation, expected publication by: ☐ Draft published as of: ☐ Final rule or legislation approved and will come into force on: ☐ Final rule (for part of the reform) in force since : ☑ **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 in 2017 (3 January), with the likelihood of being delayed by a year until 2018 (1 January). **Issue is being addressed through :** ☑ Primary / Secondary legislation ☑ Regulation /Guidelines	**Planned actions (if any) and expected commencement date:** Implementing (or level 2) measures under MiFID have been developed by ESMA and are under consideration for adoption by the European Commission. **Web-links to relevant documents:** http://www.esma.europa.eu/consultation/Consultation-MiFID-IIMiFIR

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				☑ Other actions (such as supervisory actions), please specify: **Short description of the content of the legislation/ regulation/guideline:** 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 June 2014 and application from January 2017, possibly delayed until January 2018) will introduce new significant requirements aimed at improving the resiliency and efficiency of	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				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 arrangements for pre-trade transparency waivers sought by operators of RMs or MTFs were considered at European level at the initiative of the relevant national competent authority. In order to comply with statutory objectives and the relevant domestic and European legislation, the FCA has established a risk-based supervisory approach in order to identify and monitor prospective risks and take action before they crystallise. MiFID II (entry into force in June 2014 and application from January 2017, possibly delayed until January 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	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				way. Furthermore, the new Market Abuse Regulation will update 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. **Highlight main developments since last year's survey:** **Web-links to relevant documents:** MiFID and MiFIR legislation can be found on the European Commission homepage at: http://ec.europa.eu/finance/securities/isd/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	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
20 (21)	Regulation and supervision of commodity markets	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) 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)	Jurisdictions should indicate whether commodity markets of any type exist in their national markets. 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)*. 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.	☐ **Not applicable** ☐ **Applicable but no action envisaged at the moment** ☑ **Implementation ongoing:** *Status of progress [for legislation and regulation/guidelines only]:* ☐ Draft in preparation, expected publication by: ☐ Draft published as of: ☑ Final rule or legislation approved and will come into force on: The changes will come into force in 2017 (3 January), with the likelihood of being delayed by a year until 2018 (1 January). ☐ Final rule (for part of the reform) in force since : ☐ **Implementation completed as of:** **Issue is being addressed through :** ☑ Primary / Secondary legislation ☑ Regulation /Guidelines ☐ Other actions (such as supervisory actions), please specify: **Short description of the content of the legislation/ regulation/guideline:** The FSA (as it then was) participated in the IOSCO survey on compliance with the IOSCO Principles for the regulation and Supervision of Commodity	**Planned actions (if any) and expected commencement date:** Development with ESMA of appropriate Level 2 regulation to implement MIFID 2, followed by national rule-making to apply directly to UK persons, firms and trading venues. IOSCO Committee 7 will develop Good & Sound Practices to enhance the regime for Storage Infrastructures, to provide enhanced transparency and governance, supporting the Principles for Commodity Markets. **Web-links to relevant documents:**

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				Derivatives Markets and was noted as broadly compliant with those principles. This survey was repeated during the 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	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				basis. IOSCO published in October 2012 its Principles for Oil Price Reporting Agencies. This was implemented in October 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. **Highlight main developments since last year's survey:** 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. **Web-links to relevant documents:**	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
21 (22)	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 *Principles for Financial Benchmarks*.		

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
X.	**Enhancing financial consumer protection**				
22 (23)	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)	Jurisdictions should describe progress toward implementation of the OECD's *G-20 high-level principles on financial consumer protection (Oct 2011)*. Jurisdictions may also refer to OECD's *September 2013 and September 2014 reports* on effective approaches to support the implementation of the High-level Principles. 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. 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.	☐ **Not applicable** ☐ **Applicable but no action envisaged at the moment** ☐ **Implementation ongoing:** *Status of progress [for legislation and regulation/guidelines only]:* ☐ Draft in preparation, expected publication by: ☐ Draft published as of: ☐ Final rule or legislation approved and will come into force on: ☐ Final rule (for part of the reform) in force since : ☑ **Implementation completed as of:** 1 April 2013 **Issue is being addressed through :** ☐ Primary / Secondary legislation ☐ Regulation /Guidelines ☑ 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 March 2016, the FCA has chaired the Task Force. **Short description of the content of the legislation/ regulation/guideline:**	**Planned actions (if any) and expected commencement date:** **Web-links to relevant documents:**

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				The G20/OECD Principles for Financial Consumer Protection are consistent with the FCA's approach to protecting consumers, which is a statutory objective for the FCA. The FCA also has a statutory objective to promote effective competition in the interests of consumers, and a duty to promote pro-competitive solutions when exercising its general functions such as making rules and issuing guidance. **Highlight main developments since last year's survey:** Since 1 April 2015 the FCA has had 'concurrent' competition powers with the UK Competition and Markets Authority, which means that both authorities can enforce against and fine for breaches of domestic and EU competition law as it relates to financial services. 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 FCA published a study on Consumer Vulnerability which aims to broaden understanding among financial	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				services firms, and stimulate interest and debate, around vulnerability, as well as provide practical help and resources for firms in developing and implementing a vulnerability strategy. Principle 4 – Disclosure and Transparency FCA published a discussion paper 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. Principle 9 – Complaints Handling and Redress The FCA collates and publishes complaints data every six months, alongside aggregated figures covering the whole industry. The data, which can be found on the FCA website, is presented in two different formats: aggregate data showing the overall number of complaints made, and firm specific data showing figures for individual firms reporting 500 or more opened complaints. In July 2015, the FCA published new rules on changes to its complaint handling rules. The reforms will further improve the complaints systems and procedures, making them less bureaucratic for firms, easier for	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				consumers to provide the FCA with improved intelligence on complaints. This followed a review which found that while some improvements and innovations have already been made firms could and should be doing more. In particular, firms did not always consider the impact on consumers when designing and implementing processes and procedures. As a result of these rule changes, from March 2017 the FCA's biannual complaint data release will change. This new, fuller data set will not be comparable to historic data published by the FCA, however it will be more informative for consumers and 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 competition objective. The FCA uses 'market studies' as the main tool for analysing competition concerns, whereby an in-depth look into how a particular market is	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				functioning, and any arising competition issues, is conducted. Market studies on issues such as general insurance add-ons, cash savings, retirement income, and small business banking have been completed. Project Innovate – the FCA promotes innovation in the interests of consumers as a way of fostering competition in the financial services sector. The FCA launched 'Project Innovate' as a way of helping to foster and guide innovation in the UK markets. Through the 'Innovation Hub,' the FCA provide support to innovative businesses to bring innovative products or services to market, by providing them with direct support, and focusing on whether the UK regulatory framework puts up unnecessary barriers to innovation. **Web-links to relevant documents:** 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 authorities, and contributing to the G20 goal of improving financial consumer protection. Key topics of discussion at the last	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				meeting included digital financial inclusion, complaints handling, supporting mutual learning among regulatory authorities, and consumer protections trends and issues.	

XI. Source of recommendations:

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

XII. List of Abbreviations used:

The PRA was created as a part of the Bank of England (hereafter referred to as the Bank) by the Financial Services Act (2012) and is responsible for the prudential regulation and supervision of around 1,700 banks, building societies, credit unions, insurers and major investment firms. The PRA's objectives are set out in the Financial Services and Markets Act 2000 (FSMA). The PRA has three statutory objectives: 1. a general objective to promote the safety and soundness of the firms it regulates; 2. an objective specific to insurance firms, to contribute to the securing of an appropriate degree of protection for those who are or may become insurance policyholders; and 3. a secondary objective to facilitate effective competition. The PRA advances its objectives using two key tools. First through regulation, it sets standards or policies that it expects firms to meet. Second through supervision, it assess the risks that firms pose to the PRA's objectives and, where necessary, take action to reduce them. While the PRA is part of the Bank, it is referred to as its own entity where appropriate throughout the survey to highlight that the activities and framework that are a result of its role as prudential regulator and supervisor.