2021 IMN Survey of National/Regional Progress in the Implementation of G20/FSB Recommendations

Jurisdiction
UK

I1: Hedge funds - Registration, appropriate disclosures and oversight of hedge funds

G20/FSB Recommendations

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)

Implementation of this recommendation was reported to be completed by all FSB jurisdictions in the 2016 IMN survey. Given this, the reporting of progress with respect to this recommendation will not be collected in the 2021 survey.

I2: Hedge funds - Establishment of international information sharing framework

G20/FSB Recommendations

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*)*

Remarks

Jurisdictions should indicate the progress made in implementing recommendation 6 in IOSCO's *Report on Hedge Fund Oversight (Jun 2009)* on sharing information to facilitate the oversight of globally active fund managers.

In addition, jurisdictions should state whether they are:

- Signatory to the IOSCO MMoU in relation to cooperation in enforcement
- Signatory to bilateral agreements for supervisory cooperation that cover hedge funds and are aligned to the 2010 IOSCO *Principles Regarding Cross-border Supervisory Cooperation*.

Jurisdictions can also refer to Principle 28 of the 2017 IOSCO Objectives and Principles of Securities Regulation, and take into account the outcomes of any recent FSAP/ROSC assessment against those Principles.

Progress to date:
Implementation completed

Progress to date: If you have selected "Not applicable" or "Applicable but no action envisaged at the moment" - please provide a brief justification

Progress to date: please provide a date for your "implementation ongoing" status

Progress to date: If you have selected "Implementation completed" - please provide date of implementation
The AIFMD came into force in Jul 2011 and was transposed into national law from Jul 2013. All AIFMs were required to comply with relevant AIFMD requirements from Jul 2014.

Progress to date: issue is being addressed through
Primary / Secondary legislation - Yes Regulation / Guidelines - Yes Other actions (such as supervisory actions) - Yes

Progress to date: short description of the content of the legislation/regulation/guideline/other actions
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. Other actions: 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).

Progress to date: if this recommendation has not yet been fully implemented, please provide reasons for delayed implementation

Update and next steps: highlight main developments since 2019 survey
Key developments since the FSB Implementation Monitoring Network (IMN) survey conducted in 2019 up to August 2021 The UK withdrew from the European Union ("EU") on 31 January 2020, at which point the UK entered into a Transition Period for the remainder of 2020. During this Transition Period, EU law continued to apply to and in the UK in the same way as when the UK was a member state of the EU. The Transition Period ended on 31 December 2020. The European Union (Withdrawal) Act 2018 (as amended by the European Union (Withdrawal Agreement) Act 2020), collectively referred to as the "EUWA 2018"), incorporated all directly applicable EU legislation (including Regulations) into UK law (section 3 EUWA 2018) and preserved existing UK implementation of EU law as it had effect in the UK law immediately before the end of the Transition Period that ended on 31 December 2020 (sections 2 and 6 EUWA 2018). This is referred to as retained EU law (defined in section 7 EUWA 2018). HM Treasury published a policy paper in 2018 that summarises our approach. To ensure that retained EU law is operable in a UK-only context at the end of the Transition Period, it was necessary to amend certain aspects of the legislation to reflect the UKs position outside of the European Union, including legislation passed in the EU prior to 31 December 2020 that had implemented FSB/G20 reforms covered in the FSB IMN survey. This process of implementing and amending retained EU law is referred to as "onshoring". The approach the UK has taken to onshoring ensures that, as far as possible, the same rules that apply prior to the end of the Transition Period were applied after its expiry. However, it was necessary to make some changes to reflect the new relationship between the UK and the EU. Subject to transitional exceptions, HM Government's guiding principle was to apply the same rules to the European Economic Area ("EEA") as the UK applied to the rest of the world while the UK was a member state of the EU, although there are instances where the UK retained the rules for the EU and applied them to the rest of the world as well. UK Ministers had the power to amend retained EU law pursuant to section 8 of the EUWA 2018 by secondary legislation (statutory instruments). The scope of this power is strictly limited to preventing, remedying or mitigating any failure of retained EU law to operate effectively or any other deficiency (defined in section 8(2) EUWA 2018) in retained EU law. The scope of the statutory instruments laid under section 8 of the EUWA 2018 is necessarily limited to the purposes set out in section 8. They are therefore not intended to make material changes or alter the policy purposes of financial services legislation, but only to make material changes or alter the policy purpose of financial services legislation, but only to make such amendments as are necessary to reflect the UKs position outside of the EU and to ensure that retained EU law operates effectively. More specifically in relation to this recommendation, The Alternative Investment Fund Managers (Amendment etc.) (EU Exit) Regulations 2019 (SI 2019/328) made amendments to retained EU law related to alternative investment fund managers to ensure that it continued to operate effectively in the UK once the UK left the EU.

Update and next steps: planned actions (if any) and expected commencement date

Relevant web-links: please provide web-links to relevant documents
http://www.iosco.org/library/pubdocs/pdf/IOSCOPD587.pdf https://www.legislation.gov.uk/uksi/2019/328/contents/made https://www.gov.uk/government/publications/draft-eu-exit-sis-for-investment-funds-and-their-managers/the-alternative-investment-fund-managers-amendment-eu-exit-regulations-2018-explanatory-information HMT approach to financial services legislation under the EU withdrawal: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/720298/HM_Treasury_s_approach_to_financial_services_legislation_under_the_European_Union__Withdrawal__Act.pdf

I3: Hedge funds - Enhancing counterparty risk management

G20/FSB Recommendations

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)

Implementation of this recommendation was reported to be completed by all FSB jurisdictions in the 2018 IMN survey. Given this, the reporting of progress with respect to this recommendation will not be collected in the 2021 survey.

II4: Securitisation - Strengthening of regulatory and capital framework for monolines

G20/FSB Recommendations

Insurance supervisors should strengthen the regulatory and capital framework for monoline insurers in relation to structured credit. (Rec II.8, FSF 2008)

Implementation of this recommendation was reported to be completed by all FSB jurisdictions in the 2016 IMN survey. Given this, the reporting of progress with respect to this recommendation will not be collected in the 2021 survey.

II5: Securitisation -Strengthening supervisory, best practices for investment in structured products

G20/FSB Recommendations

Regulators of institutional investors should strengthen the requirements or best practices for firms' processes for investment in structured products. (Rec II.18, FSF 2008)

Remarks

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)*.

Progress to date:
Implementation completed

Progress to date: If you have selected "Not applicable" or "Applicable but no action envisaged at the moment" - please provide a brief justification

Progress to date: please provide a date for your "implementation ongoing" status

Progress to date: If you have selected "Implementation completed" - please provide date of implementation
Completed as of end 2010; For insurance completed in 2016.

Progress to date: issue is being addressed through
Primary / Secondary legislation - Yes Regulation / Guidelines - Yes Other actions (such as supervisory actions) - No

Progress to date: short description of the content of the legislation/regulation/guideline/other actions

On structured products as securitisation products (See also Q6): For banks and investments firms: The Basel Committee adopted revisions to the Basel II framework to strengthen due diligence requirements (Basel 2.5) for investing institutions in securitisation. Former CRD2, now CRR/CRD2 (implementing Basel 2.5 in the EU) implemented these requirements by requiring that investors ensure key information is made available to them and conduct appropriate due diligence and stress testing. These came into force on 31 Dec 2010 and are now part of the CRR. For insurance companies, this involved Solvency II delegated acts including a distinction between type 1 and type 2 securitisations. Similarly, for asset managers of UCITs or AIFs, AIFMD introduced enhanced due diligence requirements. On structured products, more broadly speaking, the FCA is concerned that increasing product complexity is placing a strain on firms systems and controls. Previous supervisory work has also identified a lack of robustness in firms product development and marketing processes which can increase the risk of poorly designed products and lead to mis-selling, or mis-buying by consumers. The FCA has supervised sales of structured products over recent years (following the collapse of Lehman Brothers, for example: http://www.fsa.gov.uk/library/other_publications/structured) and in 2012 published guidance on the design of structured products. The FCA continues to supervise the market.
On securitisation, the European Commission has adopted a new integrated approach to securitisation regulation in the EU in Sep 2015, which will come into application on 1 Jan 2019. The package consists of (i) a "Securitisation Regulation" which applies across all issuers and regulated institutional investors, and (ii) amendments to the Capital Requirements Regulation (CRR). European Commission also plans to adopt Delegated Acts for Solvency II and the Liquidity Coverage Ratio to incorporate specific treatment for Simple, Transparent and Standardised (STS) securitisations. The Bank supports the EU framework for securitisation as part of our longer-term objective of growth in stable, market-based financing markets alongside bank lending. A uniform set of criteria for STS securitisation can play an essential role in helping the market to develop on a sustainable track and attracting a broader investor base.

Progress to date: if this recommendation has not yet been fully implemented, please provide reasons for delayed implementation

Update and next steps: highlight main developments since 2019 survey

See recommendation 2 for more detail on the UK’s approach to onshoring EU law. More specifically in relation to this recommendation:

- The Capital Requirements Regulation (CRR) was on-shored into UK law by the European Union (Withdrawal) Act 2018, subject to the amendments made in the Capital Requirements (Amendment) (EU Exit) Regulations 2018 (SI 2018/1401), 2019 (SI 2019/1232) and 2021 (SI 2021/558).
- The Alternative Investment Fund Managers (Amendment etc.) (EU Exit) Regulations 2019 (SI 2019/328) made amendments to retained EU law related to alternative investment fund managers to ensure that it continued to operate effectively in the UK once the UK left the EU.
- The Solvency II Directive was transposed into UK law under the European Union (Withdrawal) Act 2018, as amended by the Solvency II and Insurance (Amendment, etc.) (EU Exit) Regulations 2019 (SI 2019/407).
- The Securitisation Regulation was transposed into UK law under the European Union (Withdrawal) Act 2018, as amended by The Securitisation (Amendment) (EU Exit) Regulations 2019 (SI 2019/660).

Update and next steps: planned actions (if any) and expected commencement date

Relevant web-links: please provide web-links to relevant documents
Bank of England/ECB Joint response to the European Commission CP on securitisation http://www.bankofengland.co.uk/financialstability/Pages/securitisation/default.aspx Securitisation Regulation https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=celex:32017R2402 (Securitisation Regulation) https://eur-lex.europa.eu/legal-content/en/TXT/?uri=CELEX:32017R2401 (CRR amendments) On structured products more generally https://www.esma.europa.eu/system/files_force/library/2015/11/2014-332_esma_opinion_u_structured_retail_products_-_good_practices_for_product_governance_arrangements.pdf?download=1 http://www.fca.org.uk/your-fca/documents/finalised-guidance/fsa-fg129 PRA Consultation Paper: https://www.bankofengland.co.uk/prudential-regulation/publication/2018/securitisation-the-new-eu-framework-and-significant-risk-transfer BCBS-IOSCO criteria on "simple, transparent and comparable" short term securitisation: https://www.bis.org/bcbs/publ/d441.htm BCBS revisions to the securitisation framework for short term "simple, transparent and comparable" securitisations: https://www.bis.org/press/p180514a.htm Commission proposal for an EU framework on covered bonds: https://ec.europa.eu/info/law/better-regulation/initiatives/com-2018-93_en https://www.legislation.gov.uk/uksi/2018/1401/contents/made https://www.legislation.gov.uk/uksi/2019/1232/made https://www.legislation.gov.uk/uksi/2021/558/contents/made https://www.gov.uk/government/publications/draft-capital-requirements-amendment-eu-exit-regulations-2018/capital-requirements-amendment-eu-exit-regulations-2018-explanatory-information#policy-background-and-purpose-of-the-si https://www.legislation.gov.uk/uksi/2019/328/contents/made https://www.gov.uk/government/publications/draft-eu-exit-sis-for-investment-funds-and-their-managers/the-alternative-investment-fund-managers-amendment-eu-exit-regulations-2018-explanatory-information https://www.legislation.gov.uk/uksi/2019/407/contents/made https://www.legislation.gov.uk/uksi/2019/660/made

II6: Securitisation - Enhanced disclosure of securitised products

G20/FSB Recommendations

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)

Remarks

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.

Progress to date:
Implementation completed

Progress to date: If you have selected "Not applicable" or "Applicable but no action envisaged at the moment" - please provide a brief justification

Progress to date: please provide a date for your "implementation ongoing" status

Progress to date: If you have selected "Implementation completed" - please provide date of implementation
Revisions to CRR came into force in 2010

Progress to date: issue is being addressed through
Primary / Secondary legislation - Yes Regulation / Guidelines - No Other actions (such as supervisory actions) - No

Progress to date: short description of the content of the legislation/regulation/guideline/other actions
Short description of the content of the legislation/regulation/guideline/other actions See also Q5. The latest revision to Credit Rating Agencies Regulation (CRA3) mirrors these requirements by ensuring adequate disclosure for securitisation (initial and ongoing) to investors. It requires EU securitisers to disclose to the public information on securitisation (e.g. credit quality, and performance of the underlying assets, structure, cash flows and any information necessary to conduct comprehensive and well informed stress tests). The European Commission adopted a delegated act with more precise requirements on information to be reported under a public website to be set up by ESMA. This website was due to be set up by 1 Jan 2017 but it has currently been delayed. The European Securitisation Regulation (which applies from 1 Jan 2019) aims to strengthen and harmonise existing disclosure requirements. The Securitisation Regulation also proposes that information on securitisations for which a prospectus must be drawn up under EU law must be reported ˆsecuritisation repositories which are accessible by all regulators, investors and potential investors. If this recommendation has not yet been fully implemented, please provide reasons for delayed implementation

Progress to date: if this recommendation has not yet been fully implemented, please provide reasons for delayed implementation

Update and next steps: highlight main developments since 2019 survey
See recommendation 2 for more detail on the UK’s approach to onshoring EU law. More specifically in relation to recommendation 6: •The Credit Rating Agencies Regulation was transposed into UK law under the European Union (Withdrawal) Act 2018, as amended by The Credit Rating Agencies (Amendment etc.) (EU Exit) Regulations 2019 (SI 2019/266). •The Securitisation Regulation was transposed into UK law under the European Union (Withdrawal) Act 2018, as amended by The Securitisation (Amendment) (EU Exit) Regulations 2019 (SI 2019/660).

Update and next steps: planned actions (if any) and expected commencement date
The Bank and the FCA support the agenda and ongoing work of the BCBS-IOSCO Task Force on Securitisation Markets (TFSM) to develop a framework for simple, transparent and comparable (STC) securitisation.

Relevant web-links: please provide web-links to relevant documents
Also see links under Q5 Basel III revisions to the securitisation framework, Amended to include the alternative capital treatment for "simple, transparent and comparable" securitisations (Jul 2016) https://www.bis.org/bcbs/publ/d374.htm BCBS-IOSCO criteria on "simple, transparent and comparable" short term securitisation: https://www.bis.org/bcbs/publ/d441.htm BCBS revisions to the securitisation framework for short term "simple, transparent and comparable" securitisations: https://www.bis.org/press/p180514a.htm ESMA consultation on securitisation disclosure requirements and operational standards for securitisation repositories: https://www.esma.europa.eu/press-news/consultations/consultation-disclosure-and-operational-standards https://www.legislation.gov.uk/uksi/2019/266/contents/made https://www.gov.uk/government/publications/draft-credit-rating-agencies-amendments-etc-eu-exit-regulations-2018/draft-credit-rating-agencies-amendments-etc-eu-exit-regulations-2018-explanatory-information https://www.legislation.gov.uk/uksi/2019/660/made

III7: Enhancing supervision - Consistent, consolidated supervision and regulation of SIFIs

G20/FSB Recommendations

All firms whose failure could pose a risk to financial stability must be subject to consistent, consolidated supervision and regulation with high standards. (Pittsburgh)

Remarks

Jurisdictions should indicate: (1) whether they have identified domestic SIFIs and, if so, in which sectors (banks, insurers, other etc.); (2) whether the names of the identified SIFIs have been publicly disclosed; and (3) the types of policy measures taken for implementing consistent, consolidated supervision and regulation of the identified SIFIs.

Jurisdictions should not provide details on policy measures that pertain to higher loss absorbency requirements for G/D-SIBs, since these are monitored separately by the BCBS.

See, for reference, the following documents:

BCBS

- *Framework for G-SIBs (Jul 2018)*
- *Framework for D-SIBs (Oct 2012)*

IAIS

- *Holistic Framework for the Assessment and Mitigation of Systemic Risk in the Insurance Sector (Nov 2019)*
- *Application Paper on Liquidity Risk Management (Jun 2020)*
- *Draft Application Paper on Macroprudential Supervision (Mar 2021)*

FSB

- *Evaluation of the effects of too-big-to-fail reforms (Mar 2021)*
- Framework for addressing SIFIs (Nov 2011)

Progress to date:
Implementation completed

Progress to date: If you have selected "Not applicable" or "Applicable but no action envisaged at the moment" - please provide a brief justification

Progress to date: please provide a date for your “implementation ongoing” status

Progress to date: If you have selected “Implementation completed” - please provide date of implementation

Progress to date: issue is being addressed through
Primary / Secondary legislation - Yes Regulation / Guidelines - Yes Other actions (such as supervisory actions) - Yes

Progress to date: short description of the content of the legislation/regulation/guideline/other actions
As a core part of its work, the Bank (through the PRA) assesses the significance of a firm to the stability of the UK financial system. The Bank applies more intensive supervision to those firms that it identifies as having the capacity to affect adversely the stability of the system by failing, coming under stress, or the way it carries on its business. These firms are identified through the PRA's potential impact framework, set out in the PRA Approach to Banking Supervision (Mar 2016). Furthermore, CRD IV (i.e. the EU implementation of Basel III) includes a requirement on member states to identify G-SIBs and other systemically important institutions (e.g. D-SIBs) and impose additional common equity tier 1 capital on the former. The EBA has published final technical standards to specify precisely the methodology used to identify and impose additional common equity tier 1 capital on G-SIBs, including relevant disclosure requirements. The UK G-SIBs continue to be identified on an annual basis. The list of UK G-SIBs (known in CRDIV as G-SIIs) will be published on the Bank website (as well as the FSB one) annually following the announcement of the overall list of G-SIBs by the FSB. The Bank has implemented the capital surcharge framework for systemic banks consistent with CRD IV. The Bank sets out its framework for identifying other systemically important institutions (O-SIIs), in line with the relevant EBA guidelines which take into account the BCBS framework for D-SIBs (see 'The PRA's approach to identifying other systemically important institutions (O-SIIs)'). Under the framework, the Bank's assessment of O-SIIs is aligned with the PRA's potential impact framework, and as such the list of UK O-SIIs is aligned with the list of category 1 firms in the PRA's potential impact framework. D-SIBs are identified on an annual basis and the names published on the Bank website at the end-of the year. The FPC has set out a framework under which the Systemic Risk Buffer (SRB) increases the capacity of UK systemic banks to absorb stress, thereby increasing their resilience relative to the system as a whole. This reflects the greater damage these firms would cause to the economy in the event their buffers of equity were exhausted. Since the start of 2019, the PRA has implemented the FPC's SRB framework and has set SRB rates. As outlined in the PRA's Statement of Policy on its approach to the implementation of the SRB, the PRA will re-apply the FPC's SRB framework annually and expect to announce SRB rates resulting from its assessment by 15 December of each year.

Progress to date: if this recommendation has not yet been fully implemented, please provide reasons for delayed implementation

Update and next steps: highlight main developments since 2019 survey
See recommendation 2 for more detail on the UK's approach to onshoring EU law. More specifically in relation to recommendation 7, the Capital Requirements Directive IV (CRD IV) was transposed into UK law under the European Union (Withdrawal) Act 2018, as amended by the Capital Requirements (Amendment) (EU Exit) Regulations 2019 (SI 2019/1232).

Update and next steps: planned actions (if any) and expected commencement date
G-SIIs: Since 2017, the FSB has not identified any UK insurance groups as G-SIIs, in anticipation of the IAIS development of its holistic framework for systemic risk in the insurance sector. The PRA will work to implement the holistic framework after it is approved by the IAIS at is Annual General Meeting in November 2019.

Relevant web-links: please provide web-links to relevant documents
The PRA's approach to banking supervision (revised Mar 2016): www.bankofengland.co.uk/-/media/boe/files/prudential-regulation/approach/banking-approach-2016.pdf The PRA's approach to identifying O-SIIs: http://www.bankofengland.co.uk/pra/Pages/publications/ps/2016/ps616.aspx Basel Committee framework for G-SIBs (updated Jul 2013): http://www.bis.org/publ/bcbs255.htm The Financial Policy Committee's framework for the systemic risk buffer: www.bankofengland.co.uk/-/media/boe/files/paper/2016/the-financial-policy-committees-framework-for-the-systemic-risk-buffer.pdf The PRA's approach to implementing the SRB: http://www.bankofengland.co.uk/pra/Pages/publications/sop/2016/srbapproach.aspx IAIS papers on international capital standards for insurers: https://www.iaisweb.org/page/supervisory-material/insurance-capital-standard Bank of England webpage to which updated lists of G-SIBs and D-SIBs are published: http://www.bankofengland.co.uk/pra/Pages/crdiv/updates.aspx June 2018, The Bank of England's approach to setting a minimum requirement for own funds and eligible liabilities (MREL), Statement of Policy https://www.bankofengland.co.uk/-/media/boe/files/paper/2018/statement-of-policy-boes-approach-to-setting-mrel-2018.pdf?la=en&hash=BC4499AF9CF063A3D8024BE5C050CB1F39E2EBC1 More information on assessing systemic banks in the 2018 stress test and the FPC's review of the SRB framework: https://www.bankofengland.co.uk/-/media/boe/files/statement/fpc/2018/financial-policy-committee-statement-march-2018.pdf?la=en&hash=61059A79F4453B2EFA6BA88A598739DD67FC0CD7 Systemic Risk Buffer rates for ring-fenced banks and large building societies: https://www.bankofengland.co.uk/prudential-regulation/publication/2019/systemic-risk-buffer-rates-for-ring-fenced-banks-and-large-building-societies https://www.legislation.gov.uk/uksi/2019/1232/contents/made

III8: Enhancing supervision - Establishing supervisory colleges and conducting risk assessments

G20/FSB Recommendations

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)

Implementation of this recommendation was reported to be completed by all FSB jurisdictions in the 2017 IMN survey. The BCBS and IAIS will be monitoring implementation progress in this area with respect to banks and insurers respectively.

III9: Enhancing supervision - Supervisory exchange of information and coordination

G20/FSB Recommendations

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)

Remarks

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).

Progress to date:
Implementation completed

Progress to date: If you have selected "Not applicable" or "Applicable but no action envisaged at the moment" - please provide a brief justification

Progress to date: please provide a date for your “implementation ongoing” status

Progress to date: If you have selected “Implementation completed” - please provide date of implementation
Jun 2016 IMF FSAP assessed UK as Compliant with BCB 3 (Cooperation and collaboration) and 13 (Home-host relationships) and provided no recommendations on these principles.

Progress to date: issue is being addressed through
Primary / Secondary legislation - No Regulation / Guidelines - Yes Other actions (such as supervisory actions) - Yes

Progress to date: short description of the content of the legislation/regulation/guideline/other actions
Various EBA Guidelines and Technical Standards on Supervisory Colleges, SREP processes, Joint Risk Assessments and Decisions, etc. Both the PRA and FCA are each independently seeking to renegotiate or to establish new Memoranda of Understanding (MoU) with non-EEA jurisdictions that underpin the information sharing and co-operation arrangements with the counterparties concerned, in order to ensure that they accord with the UK authorities respective statutory objectives and supervisory frameworks. Other actions: Effective Supervisory Colleges

Progress to date: if this recommendation has not yet been fully implemented, please provide reasons for delayed implementation

Update and next steps: highlight main developments since 2019 survey
Following the UK's withdrawal from the EU, the Bank of England (including in its capacity as the Prudential Regulation Authority), the Financial Conduct Authority, and the European Central Bank agreed a Memorandum of Understanding in order to formalise supervisory cooperation and information sharing arrangement. Such cooperation is essential in order to promote the integrity, stability and efficiency of the supervised entities and financial system.

Update and next steps: planned actions (if any) and expected commencement date
The Banks MoU programme is reviewed each year, to determine priorities, based on supervisory need, This ensures that MoUs appropriately reflect the new institutional structure of regulation in the UK and facilitate effective supervisory cooperation and information sharing. Both the Bank and FCA continue to develop and widen their set of memoranda of understanding, including renegotiating existing MoUs, to ensure that they have workable gateways with relevant host supervisors. Information sharing with non-EEA national competent authorities takes place within the legal framework set by domestic and European legislation and where appropriate gateways exist. The relationship between the two UK regulators is supported by a MoU that sets out the high-level framework which the FCA and the PRA will use to co-ordinate in some areas, and co-operate in others.

Relevant web-links: please provide web-links to relevant documents
https://www.eba.europa.eu/regulation-and-policy/colleges-of-supervisors Those MoUs that are published may be found on the Bank''s website, at http://www.bankofengland.co.uk/about/Pages/mous/international.aspx https://www.bankofengland.co.uk/-/media/boe/files/memoranda-of-understanding/bank-fca-ecb.pdf

III10: Enhancing supervision - Strengthening resources and effective supervision

G20/FSB Recommendations

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)

Remarks

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)*.

Progress to date:
Implementation completed

Progress to date: If you have selected "Not applicable" or "Applicable but no action envisaged at the moment" - please provide a brief justification

Progress to date: please provide a date for your “implementation ongoing” status

Progress to date: If you have selected “Implementation completed” - please provide date of implementation
01.01.2014

Progress to date: issue is being addressed through
Primary / Secondary legislation - Yes Regulation / Guidelines - Yes Other actions (such as supervisory actions) - No

Progress to date: short description of the content of the legislation/regulation/guideline/other actions
The PRA has published approach documents setting out how it implements its statutory objectives: the PRAs approach to banking supervision and the PRAs approach to insurance supervision. It is a key principle underlying the PRAs approach that is does not seek to operate a zero-failure regime. Based on the PRAs risk framework model (as set out in the approach), 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. Informed by the approach, and the operating model and risk tolerance also agreed by the PRC, each year the PRC sets the PRA strategy, business plan and budget. The PRC seeks to ensure that its financial and non-financial resources are allocated to the work that best advances the PRAs objectives. The Prudential Regulation Committee is now required to report once a year to the Chancellor about the adequacy of resources allocated to the performance of PRA functions and the extent to which the exercise of PRA functions is independent of other Bank functions. The first report was published in Apr 2018. In making judgements on resources, the PRC takes into account a wide range of relevant considerations. These include the wider legislative and policy framework under which the PRA operates, including the duty to have regard to certain factors under the Financial Services and Markets Act 2000 (FSMA), and the Legislative and Regulatory Reform Act. Another accountability mechanism is HM Treasurys recommendation letter, a check and balance to ensure the PRA has regard to the Governments economic policy when exercising its general functions. In addition, the PRA plans its resources to deliver multi-year programmes of work, (such as structural reform), and responds to changes to the external environment and risk profile of the firms regulated by the PRA. The PRC receives and reviews regular updates on the PRAs performance and on how the PRAs financial and non-financial resources are allocated and monitored, as well as how any resource risks are being mitigated, through: performance and assurance reporting; discussion of Committee papers; and Committee members regular interaction with the PRA, including meetings with senior management and other staff. In particular, the regular reporting to PRC covers progress against: strategic aims; budget and headcount position; attrition rates; technology availability; and the PRAs risk profile. The PRA continues to develop and implement a forward-looking, judgement-based supervisory regime. In the last year it: - Consulted on and implemented a series of policy developments to refine our implementation of the Solvency II regime. - Working with HM Treasury, designed and launched a new, commercially viable framework for insurance special purpose vehicles (ISPVs) in the United Kingdom. - Sought to understand the risks and/or vulnerabilities posed by the current approach taken by banks to credit risk and asset quality. - Delivered PRA policy and supervision to support the Banks resolution objectives for banking and insurance sectors, eg a consultation on the Banks approach to setting a minimum requirement for own funds and eligible liabilities (MREL) within groups, and continuing work to enhance resolution arrangements for insurers. The Senior Managers and Certification Regime (SM&CR) for banks and Senior Insurance Managers Regime (SIMR) came into force on 7 Mar 2016, replaced the previous Approved Persons regime as part of implementing the recommendations in the final report of the Parliamentary Commission on Banking Standards to support a change in culture at all levels at banks, building societies, credit unions and PRA-designated investment firms (collectively referred to as relevant authorised persons or RAPs), and insurers. The process has started to extend the SM&CR to all insurance firms and in Dec 2018 the SIMR will be extended further to introduce a Certification regime. For the banking sector, in 2017 the Banks ran its annual stress testing cyclical scenario alongside an exploratory scenario for the first time. The results of the test were published on 28 Nov 2017. The annual cyclical scenario incorporated a severe and synchronised UK and global macroeconomic and financial market stress, as well as a separate stress of misconduct costs. For the first time since the Bank launched its stress tests in 2014, no bank needed to strengthen its capital position as a result of the test. The exploratory scenario examined major UK banks long-term strategic responses to an extended low growth, low interest rate environment with increasing competitive pressures in retail banking enabled in part by an increase in the use of financial technology (FinTech). In Jun 2016 the Bank set up a FinTech Accelerator to help us better understand how changes in financial technology might impact the way we work. Through the Accelerator we worked in partnership with technology firms to run a series of targeted, rapid proofs of concepts for solutions to real issues facing us as policymakers. The accelerator ran a number of proofs of concepts that covered three areas: data analytics; information security; and distributed ledgers. In 2018 the Accelerator was succeeded by the new Fintech Hub drawing together the Banks expertise in this area. The Bank continued to focus on operational resilience in firms. During 2017, we conducted cross-firm reviews of IT access management, IT vendor risk management and IT change management capabilities. We also supported supervisors of the banks within scope of structural reform to assess delivery risks from the IT changes required. Seventy-one firms outside of the scope of CBEST completed cyber triage questionnaires. We also piloted a new operational resilience assessment tool, SpotCheck, with seven firms. In addition, we conducted a range of reviews, including: - IT resilience assessment work for custody banks, reviewing IT strategic planning for delivery of Payments, Clearing and Settlement operations; - assessments of firms capability to ensure operational continuity of core UK financial services in resolution; - assessments of firms offshoring arrangements and oversight to ensure continuity as a result of system, economic or environmental events; and - working with colleagues on firm-specific assessments focused on the management of outsourcing arrangements for those supervised by the Financial Market Infrastructure Directorate of the Bank.

The Banks Regulatory Data Group 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. The ability to recruit and retain high-quality people in a range of disciplines and with the right technical expertise is a priority for the PRA. To address this, the PRA runs a strategic recruitment campaign to attract diverse and talented individuals. Once at the PRA, internal and external training ensures people are appropriately skilled for their roles. The Bank offers a range of training frameworks and courses to meet the needs of staff at all stages of their career. 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. Work has been undertaken to ensure training is accessible to all, resulting in a single ˆtraining framework across supervisory areas. This brings together all available development resources, clearly signposting individuals to training to support their development needs, joining the central offering with local training. Supervisory Development Centres (SDCs) have been designed to provide supervisors with an improved, more structured and co-ordinated development, covering both behavioural and technical competencies as part of an ongoing programme of continuous development for supervisors. As part of the graduate programme, supervisors can take the post-graduate Central Banking qualification which is supported and awarded by a major UK university to develop an improved common knowledge and skills base. The Banks approach to reward is designed to ensure a system which is fair, helps attract and retain talent and rewards strong performance, is simple to implement and encourages the right management behaviours. In addition, there are a set of non-financial retention tools which can be used across the PRA, including flexible working, training and secondment opportunities. The Bank can provide a broad and varied career path which also supports retention within the organisation and helps build our experience base. More generally bi-annual talent and succession planning discussions take place for all staff with outcomes for more senior staff discussed by the Executive. Staff have a career conversation at least annually to encourage staff to actively manage their own development.

Progress to date: if this recommendation has not yet been fully implemented, please provide reasons for delayed implementation

Update and next steps: highlight main developments since 2019 survey

Update and next steps: planned actions (if any) and expected commencement date

Relevant web-links: please provide 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

IV11: Macroprudential frameworks and tools - Establishing oversight regulatory framework

G20/FSB Recommendations

Amend our regulatory systems to ensure authorities are able to identify and take account of macro-prudential risks across the financial system including in the case of regulated banks, shadow banks and private pools of capital to limit the build up of systemic risk. (London*)*

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)

Remarks

Please describe major changes in the institutional arrangements for macroprudential policy (structures, mandates, powers, reporting etc.) that have taken place in your jurisdiction since the global financial crisis.

Please indicate whether an assessment has been conducted with respect to the adequacy of powers to collect and share relevant information among national authorities on financial institutions, markets and instruments to assess the potential for systemic risk. If so, please describe identified gaps in the powers to collect information, and whether any follow-up actions have been taken.

Progress to date:
Implementation completed

Progress to date: If you have selected "Not applicable" or "Applicable but no action envisaged at the moment" - please provide a brief justification

Progress to date: please provide a date for your “implementation ongoing” status

Progress to date: If you have selected “Implementation completed” - please provide date of implementation
1 Apr 2013 (Financial Services Act 2012, supplemented by CRD IV in 2014.

Progress to date: issue is being addressed through
Primary / Secondary legislation - Yes Regulation / Guidelines - No Other actions (such as supervisory actions) - No

Progress to date: short description of the content of the legislation/regulation/guideline/other actions
The commencement of the Financial Services Act 2012 on 1 Apr 2013 implemented the Governments 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 FSBs data gaps programme to ensure improved data utilisation. The PRA works closely with the FPC, and there is a frequent two-way flow of information and exchange of views between the PRA and the FPC. Co-ordination between the PRA and the FPC is assisted by common membership between the FPC and the PRAs governing body, the Prudential Regulation Committee.

Progress to date: if this recommendation has not yet been fully implemented, please provide reasons for delayed implementation

Update and next steps: highlight main developments since 2019 survey

Update and next steps: planned actions (if any) and expected commencement date

Relevant web-links: please provide web-links to relevant documents
Information on the FPC: https://www.bankofengland.co.uk/about/people/financial-policy-committee Information on the PRA: http://www.bankofengland.co.uk/pra/Pages/default.aspx The Financial Services Act 2012: http://www.legislation.gov.uk/ukpga/2012/21/contents/enacted

IV13: Macroprudential frameworks and tools - Enhancing monitoring and use of macropru instruments

G20/FSB Recommendations

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)

Remarks

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 tools for macroprudential purposes over the past year, including: the objective for their use; the process to select, calibrate and apply them; and the approaches used to assess their effectiveness.

See, for reference, the following documents:

- FSB-IMF-BIS progress report to the G20 on *Macroprudential policy tools and frameworks (Oct 2011)*
- CGFS report on *Operationalising the selection and application of macroprudential instruments (Dec 2012)*
- IMF staff papers on *Macroprudential policy, an organizing framework (Mar 2011)*, *Key Aspects of Macroprudential policy (Jun 2013)*, and *Staff Guidance on Macroprudential Policy (Dec 2014)*
- IMF-FSB-BIS paper on *Elements of Effective Macroprudential Policies: Lessons from International Experience (Aug 2016)*
- CGFS report on *Experiences with the ex ante appraisal of macroprudential instruments (Jul 2016)*
- CGFS report on *Objective-setting and communication of macroprudential policies (Nov 2016)*
- IMF Macroprudential Policy Survey database

Progress to date:
Implementation completed

Progress to date: If you have selected "Not applicable" or "Applicable but no action envisaged at the moment" - please provide a brief justification

Progress to date: please provide a date for your “implementation ongoing” status

Progress to date: If you have selected “Implementation completed” - please provide date of implementation
01.04.2013

Progress to date: issue is being addressed through
Primary / Secondary legislation - Yes Regulation / Guidelines - No Other actions (such as supervisory actions) - No

Progress to date: short description of the content of the legislation/regulation/guideline/other actions
FPC Powers: The FPC has two main sets of powers at its disposal, the power to Recommend, and the power to give Directions to regulators to adjust specific macro-prudential tools. In particular the FPC has a special power to Recommend, on a ˆcomply or explain basis, to the regulators the PRA and the FCA about the exercise of their functions, such as to adjust the rules that banks and other regulated financial institutions must abide by. Should the regulators decide not to implement Recommendations made on a ˆcomply 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 Majestys Government has made the FPC responsible for policy decisions on sectoral capital requirements (SCRs), which enables the FPC to change capital requirements on banks exposures to specific sectors that are judged to pose a risk to financial stability. In Apr 2015 HMT gave the FPC Direction powers over the leverage ratio applicable to UK banks, and loan to value and debt to income limits in respect of owner-occupied lending. The UK Parliament voted in Dec 2016 to extend these powers to the buy-to-let mortgage market from 2017. Countercyclical capital buffer: The FPC is responsible for setting the countercyclical capital buffer (CCyB) rate in the UK. In Dec 2015, the FPC published a statement on its strategy for setting the UKs CCyB rate, indicating an approach to have a CCyB rate in the region of 1% when risks are neither elevated nor subdued. Since Sep 2014 the FPC has had a policy to reciprocate CCyB rates set by other countries. Consistent with this policy, foreign CCyB rates up to 2.5% automatically apply to UK firms. Stress testing: The Bank published its approach to stress testing in Oct 2015, which sets out the main features of its framework to 2018. This introduced an annual cyclical scenario (ACS), which intends to assess risks relating to the financial cycle, and a biennial exploratory scenario to assess resilience of the financial system to risks not necessarily linked to the financial cycle. Stress test results will inform the FPCs setting of countercyclical capital policy.

Progress to date: if this recommendation has not yet been fully implemented, please provide reasons for delayed implementation

Update and next steps: highlight main developments since 2019 survey

Update and next steps: planned actions (if any) and expected commencement date
FPC powers: The FPC reviews its recommendations on a regular basis to assess whether they remain appropriate and will continue to do so. In addition, the FPC will continue its annual assessment of risks beyond the core banking sector, which will include an assessment of the use of leverage by non-banks.

Relevant web-links: please provide web-links to relevant documents
More information on FPC powers and CCyB rates: www.bankofengland.co.uk/financial-stability More information on the Banks approach to stress testing: www.bankofengland.co.uk/stress-testing Results of the 2017 stress test: www.bankofengland.co.uk/-/media/boe/files/stress-testing/2017/stress-testing-the-uk-banking-system-2017-results.pdf Key elements of the 2018 stress test scenario: www.bankofengland.co.uk/-/media/boe/files/stress-testing/2018/stress-testing-the-uk-banking-system-key-elements-of-the-2018-stress-test.pdf FPC statement on the Mar 2018 CCyB decision: https://www.bankofengland.co.uk/-/media/boe/files/statement/fpc/2018/financial-policy-committee-statement-march-2018.pdf?la=en&hash=61059A79F4453B2EFA6BA88A598739DD67FC0CD7 FPC statement on consumer credit: https://www.bankofengland.co.uk/-/media/boe/files/record/2017/financial-policy-committee-meeting-september-2017.pdf?la=en&hash=D6EDEB7BAE687E9E419782ACBEE2E1437569B2BE Jun 2017 Financial Stability Report: https://www.bankofengland.co.uk/-/media/boe/files/financial-stability-report/2017/june-2017.pdf?la=en&hash=EB9E61B5ABA0E05889E903AF041B855D79652644

V13: Improving credit rating agencies (CRAs) oversight- Enhancing regulation and supervision of CRAs

G20/FSB Recommendations

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 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)

Implementation of this recommendation was reported to be completed by all FSB jurisdictions in the 2018 IMN survey. Given this, the reporting of progress with respect to this recommendation will not be collected in the 2019 survey.

V14: Improving credit rating agencies (CRAs) oversight - Reducing the reliance on ratings

G20/FSB Recommendations

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 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)

Remarks

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 *Basel III: Finalising post-crisis reforms (Dec 2017)*
- IAIS ICP guidance 16.9 and 17.8.25
- IOSCO *Good Practices on Reducing Reliance on CRAs in Asset Management (Jun 2015)*
- IOSCO *Sound Practices at Large Intermediaries Relating to the Assessment of Creditworthiness and the Use of External Credit Ratings (Dec 2015)*.

Progress to date:
Implementation completed

Progress to date: If you have selected "Not applicable" or "Applicable but no action envisaged at the moment" - please provide a brief justification

Progress to date: please provide a date for your "implementation ongoing" status

Progress to date: If you have selected "Implementation completed" - please provide date of implementation
2014

Progress to date: issue is being addressed through
Primary / Secondary legislation - Yes Regulation / Guidelines - Yes Other actions (such as supervisory actions) - Yes

Progress to date: short description of the content of the legislation/regulation/guideline/other actions
The UK, as a member of the EU, is subject to the requirements prescribed by EU law. - CRD IV Article 77(2) requires competent authorities, taking into account the nature, scale and complexity of 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. - CRA regulation (462/2013) has the objective to decrease over reliance on ratings. The European Supervisory Authorities and the European Systematic Risk Board shall not refer to credit ratings in their GLs, recommendations and draft RTSs where such references have the potential to trigger sole or mechanistic reliance on credit ratings. 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 III revisions to the standardised approach reduce mechanistic reliance on ratings and enhance the role of due diligence processes under Pillar 1 for assessing the creditworthiness of a banks counterparties, and by enhancing the requirements surrounding the use of external ratings. Basel reform on the capital framework for Securitisation (Dec 2014) moves 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. The Solvency II regime which has been applied from 2016, has placed significant emphasis on effective risk management. Specifically the regime endorses the use of internal ratings to reduce reliance on external credit ratings. The PRAs supervisory statement (CP48/16) sets expectations as to how confidence can be maintained in insurers use of internal credit rating assessments.

Progress to date: if this recommendation has not yet been fully implemented, please provide reasons for delayed implementation

Update and next steps: highlight main developments since 2019 survey
See recommendation 2 for more detail on the UK’s approach to onshoring EU law. More specifically in relation to recommendation 14: •The Capital Requirements Directive IV (CRD IV) was transposed into UK law under the European Union (Withdrawal) Act 2018, as amended by the Capital Requirements (Amendment) (EU Exit) Regulations 2019 (SI 2019/1232). •The Credit Rating Agencies Regulation was transposed into UK law under the European Union (Withdrawal) Act 2018, as amended by The Credit Rating Agencies (Amendment etc.) (EU Exit) Regulations 2019 (SI 2019/266). •The Securitisation Regulation was transposed into UK law under the European Union (Withdrawal) Act 2018, as amended by The Securitisation (Amendment) (EU Exit) Regulations 2019 (SI 2019/660). •The Solvency II Directive was transposed into UK law under the European Union (Withdrawal) Act 2018, as amended by the Solvency II and Insurance (Amendment, etc.) (EU Exit) Regulations 2018 (SI 2019/407).

Update and next steps: planned actions (if any) and expected commencement date
CRD V and CRR II are both committed to reducing reliance over reliance on ratings.

Relevant web-links: please provide web-links to relevant documents
http://eurlex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2013:176:0338:0436:En:PDF The PRAs Approach to Banking Supervision https://www.bankofengland.co.uk/-/media/boe/files/prudential-regulation/publication/2020/ss1113update-july-2021.pdf?la=en&hash=671EEE52ECA5713232783C3A72C52CBE8A522EB7 Internal Ratings Based (IRB) approaches http://www.bankofengland.co.uk/pra/Pages/publications/internalratings.aspx in particular paragraphs 12.30 and 12.31 CP48/16 Solvency II: Matching adjustment - illiquid unrated assets and equity release mortgages http://www.bankofengland.co.uk/pra/Pages/publications/cp/2016/cp4816.aspx Basel Committee Second Consultative Document: Revisions to the Standardised Approach for Credit Risk http://www.bis.org/bcbs/publ/d347.pdf EU Commissions legislative proposal on securitisation (CRR amendments) http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:52015PC0473 EU Regulation on prudential requirements for credit institutions and investment firms https://www.bis.org/bcbs/publ/d424.pdf Basel III https://www.legislation.gov.uk/uksi/2019/266/contents/made https://www.gov.uk/government/publications/draft-credit-rating-agencies-amendments-etc-eu-exit-regulations-2018/draft-credit-rating-agencies-amendments-etc-eu-exit-regulations-2018-explanatory-information https://www.legislation.gov.uk/uksi/2019/660/made https://www.legislation.gov.uk/uksi/2019/407/contents/made

VI15: Enhancing accounting standards - Consistent application of high-quality accounting standards

G20/FSB Recommendations

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)

Remarks

Jurisdictions should indicate the accounting standards that they follow and whether (and on what basis) they are of a high and internationally acceptable quality (e.g. equivalent to IFRSs as published by the IASB), and provide accurate and relevant information on financial position and performance. They should also explain the system they have for enforcement of consistent application of those standards.

Jurisdictions may want to refer to their jurisdictional profile prepared by the IFRS Foundation, which can be accessed at: https://www.ifrs.org/use-around-the-world/use-of-ifrs-standards-by-jurisdiction/.

As part of their response on this recommendation, jurisdictions should indicate the policy measures taken for appropriate application of recognition, fair value measurement and disclosure requirements.

In addition, jurisdictions should set out any steps they intend to take (if appropriate) to foster transparent and consistent implementation of the new accounting requirements for the measurement of expected credit losses on financial assets that are being introduced by the IASB and FASB.

See, for reference, the following BCBS documents:

- *Supervisory guidance for assessing banks' financial instrument fair value practices (Apr 2009)*
- *Guidance on credit risk and accounting for expected credit losses (Dec 2015)*
- *Regulatory treatment of accounting provisions - interim approach and transitional arrangements (March 2017)*

Progress to date:
Implementation completed

Progress to date: If you have selected "Not applicable" or "Applicable but no action envisaged at the moment" - please provide a brief justification

Progress to date: please provide a date for your "implementation ongoing" status

Progress to date: If you have selected "Implementation completed" - please provide date of implementation
2005

Progress to date: issue is being addressed through
Primary / Secondary legislation - No Regulation / Guidelines - Yes Other actions (such as supervisory actions) - Yes

Progress to date: short description of the content of the legislation/regulation/guideline/other actions
The Financial Reporting Council (FRC) is responsible for the consistent application and enforcement of accounting standards in the UK. The major financial institutions in the UK follow IFRS set by the IASB as endorsed by the EU. The Bank provides input to the standard setters on issues around consistent implementation of IFRS through its representation in the Basel Accounting Experts Group, the International Association of Insurance Supervisors, the European Banking Authority and the European Insurance and Occupational Pensions Authority (EIOPA). In addition, there are MoUs with the FRC and terms of reference for liaison between the FRC and the FPC of the Bank to discuss matters around consistent implementation of IFRS by the UK firms. On an on-going basis, the Bank continues to meet with the auditors of financial institutions (under the Code of practice for the relationship between the external auditor and the supervisor), as well as the major UK banks to discuss, amongst other matters, any implementation issues with accounting standards, including implementation of IFRS 9 on expected credit loss accounting. The Bank and FPC also continue to meet with the FRC under the terms of reference described above. Other actions: 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 supervisors of banks.

Progress to date: if this recommendation has not yet been fully implemented, please provide reasons for delayed implementation

Update and next steps: highlight main developments since 2019 survey

Update and next steps: 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 ˆprogress to date. The Bank will continue to monitor the implementation of IFRS 9 ECL accounting by firms. We are looking in particular for: (a) concerns about the quality or consistency of application or of audit of those models, or (b) financial stability risks arising from those implementations. We are engaging internationally at Basel and EBA level on this work. The Bank is currently involved in the FSB work stream on audit quality. The Bank is monitoring the new insurance contracts accounting standard, IFRS 17, for its impact on micro- and macro-prudential objectives, which includes working with EIOPA and the IAIS.

Relevant web-links: please provide web-links to relevant documents
Policy Statement PS 1/16 on engagement between external auditors and supervisors, and the PRAs disciplinary powers over external auditors and actuaries: http://www.bankofengland.co.uk/pra/Documents/publications/ps/2016/ps116.pdf Supervisory Statement SS 1/16 on written reports by external auditors to the PRA: http://www.bankofengland.co.uk/pra/Documents/publications/ss/2016/ss116.pdf

VII16: Enhancing risk management - Enhancing guidance to strengthen banks' risk management practic

G20/FSB Recommendations

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 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)

Remarks

Jurisdictions should indicate the measures taken in the following areas:

- guidance to strengthen banks' risk management practices, including BCBS good practice documents (*Corporate governance principles for banks*, *External audit of banks*, and the *Internal audit function in banks*);
- measures to monitor and ensure banks' implementation of the BCBS *Principles for Sound Liquidity Risk Management and Supervision (Sep 2008)*;
- measures to supervise banks' operations in foreign currency funding markets;[1] and
- extent to which they undertake stress tests and publish their results.

Jurisdictions should not provide any updates on the implementation of Basel III liquidity requirements (and other recent standards such as capital requirements for CCPs), since these are monitored separately by the BCBS.

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

Progress to date:
Implementation completed

Progress to date: If you have selected "Not applicable" or "Applicable but no action envisaged at the moment" - please provide a brief justification

Progress to date: please provide a date for your "implementation ongoing" status

Progress to date: If you have selected "Implementation completed" - please provide date of implementation
Senior Managers and Certification Regime in statute as of 7 Mar 2016

Progress to date: issue is being addressed through
Primary / Secondary legislation - Yes Regulation / Guidelines - Yes Other actions (such as supervisory actions) - Yes

Progress to date: short description of the content of the legislation/regulation/guideline/other actions
The effectiveness of firms risk management arrangements are monitored as part of an ongoing programme of continuous assessment. This assessment is informed by regular interaction with the directors and senior management of the firms, including those responsible for the risk function, and by periodic enterprise-wide management (EWRM) reviews, specialist reviews focussed on specific risk areas and case studies. Issues about risk culture and the effective monitoring and management of risk are also addressed in the context of board effectiveness and other governance reviews. Senior Managers and Certification Regime - on 7 Mar 2016, the PRA and FCA introduced a new regulatory framework for individuals working in deposit-takers and PRA-designated investment firms known as the Senior Managers and Certification Regime (SM&CR). The SM&CR seeks to strengthen individual accountability and corporate governance firms through: - a clear allocation of responsibility to the most senior individuals; - explicit legal obligations on institutions to assess and certify the fitness and propriety of risk-taking employees at the point of appointment and annually thereafter; - rules of professional conduct which apply to virtually all employees. The SM&CRs emphasis on individual accountability complements and reinforces collective decision-making. In particular, it recognises that collective decisions do not arise in a vacuum, but stem from input by individuals with defined responsibilities who should be accountable. While the SM&CR has been in force for just over two years, there are indications that it is having a positive impact. In particular: - the emphasis on defined individual responsibilities has driven institutions to clarify and, in some cases review their governance and decision-making processes. As a result, there is now a clearer understanding on who has overall responsibility for institutions key areas and activities. The statutory requirement on Senior Managers to take reasonable steps in the performance of their duties has strengthened institutions succession planning, delegation and handover policies and processes. The PRA and FCA have a legislative mandate to extend the SM&CR to all regulated financial services firms, and have consulted on the extension. 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 PRAs Prudential Sourcebook for banks, building societies and investment firms). New rules and a supervisory statement were published in PS 11/15 which carry over the requirements and expectations for firms liquidity risk management into post-LCR policy material. The EBA issued guidelines on the supervisory review process, including for liquidity, in Dec 2014. Stress testing: The Banks concurrent stress testing framework was established in Mar 2013. The framework builds on the previous approach taken by the PRA (and the FSA before that), under which supervisory stress tests had been conducted sequentially by individual banks. The Bank produced a discussion paper setting out the main features of the proposed stress-testing framework in the medium-term in Oct 2013 and published ˆThe Bank of Englands approach to stress testing the UK banking system in Oct 2015. This document aims to provide clarity for firms and the wider public about our plans until 2018. It has been informed by the lessons learnt during the concurrent stress tests conducted in 2014 and 2015 and feedback to the 2013 Discussion Paper. The Bank has run three concurrent stress tests since the Mar 2013 FPC recommendation, and are in the process of running two new scenarios. The 2014 stress test focused on risks to the UK household sector; the 2015 stress test focused more on global risks associated particularly with a sharp contraction in growth in China and other EMEs; and, the 2016 test was the first run under the Banks new stress testing framework. The ˆAnnual Cyclical Scenario featured a broad-based, global downturn.

Progress to date: if this recommendation has not yet been fully implemented, please provide reasons for delayed implementation

Update and next steps: highlight main developments since 2019 survey

Update and next steps: planned actions (if any) and expected commencement date

Relevant web-links: please provide web-links to relevant documents
CRD IV - Liquidity policy statement: http://www.bankofengland.co.uk/pra/Pages/publications/ps/2015/ps1115.aspx

VII17: Enhancing risk management - Enhanced risk disclosures by financial institutions

G20/FSB Recommendations

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)

Remarks

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.

In addition, in light of the new IASB and FASB accounting requirements for expected credit loss recognition, jurisdictions should set out any steps they intend to take (if appropriate) to foster disclosures needed to fairly depict a bank's exposure to credit risk, including its expected credit loss estimates, and to provide relevant information on a bank's underwriting practices. Jurisdictions may use as reference the recommendations in the report by the Enhanced Disclosure Task Force on the *Impact of Expected Credit Loss Approaches on Bank Risk Disclosures (Nov 2015)*, as well as the recommendations in Principle 8 of the BCBS *Guidance on credit risk and accounting for expected credit losses (Dec 2015)*.

In their responses, jurisdictions should not provide information on the implementation of Basel III Pillar 3 requirements, since this is monitored separately by the BCBS.

Progress to date:
Implementation completed

Progress to date: If you have selected "Not applicable" or "Applicable but no action envisaged at the moment" - please provide a brief justification

Progress to date: please provide a date for your “implementation ongoing” status

Progress to date: If you have selected “Implementation completed” - please provide date of implementation
2014 - but an area of ongoing work.

Progress to date: issue is being addressed through
Primary / Secondary legislation - No Regulation / Guidelines - No Other actions (such as supervisory actions) - Yes

Progress to date: if this recommendation has not yet been fully implemented, please provide reasons for delayed implementation

Progress to date: short description of the content of the legislation/regulation/guideline/other actions
Short description of the content of the legislation/regulation/guideline/other actions The major UK banks comply with the disclosure requirements as set out in the IFRSs as endorsed by the EU. In 2013, the Financial Policy Committee (FPC) recommended that "The PRA should ensure that all major UK banks and building societies comply fully with the Oct 2012 recommendations of the Enhanced Disclosure Task Force (EDTF) upon publication of their 2013 annual reports." Given the overall high level of compliance, and plans to improve disclosure further, it was judged in the FPCs 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. With a significant proportion of UK firms implementing IFRS 9 during 2018, the PRA has engaged with firms on both transitional and ongoing disclosures relating to the use of expected credit loss accounting (ECL). Other actions: Engagement with firms If this recommendation has not yet been fully implemented, please provide reasons for delayed implementation

Update and next steps: highlight main developments since 2019 survey

Update and next steps: planned actions (if any) and expected commencement date
Work is ongoing with industry on ECL-related disclosures to assist comparability across firms.

Relevant web-links: please provide web-links to relevant documents
https://www.bankofengland.co.uk/-/media/boe/files/record/2013/financial-policy-committee-meeting-june-2013.pdf?la=en&hash=75C6ACADBF1A85027166013BFF8BCD1E07B04C0F https://www.bankofengland.co.uk/-/media/BoE/Files/record/2014/financial-policy-committee-meeting-september-2014 https://www.bankofengland.co.uk/prudential-regulation/letter/2017/transition-disclosures-for-ifrs9-financial-instruments http://www.fsb.org/implementation_monitoring/g20_leaders_declaration_washington_2008.pdf http://www.fsb.org/implementation_monitoring/g20_leaders_declaration_saint_petersburg_2013.pdf

VIII18: Strengthening deposit insurance - Strengthening of national deposit insurance arrangements

G20/FSB Recommendations

National deposit insurance arrangements should be reviewed against the agreed international principles, and authorities should strengthen arrangements where needed. (Rec. VI.9, FSF 2008)

Remarks

Jurisdictions that have not yet adopted an explicit national deposit insurance system should describe their plans to introduce such a system.

All other jurisdictions should describe any significant design changes in their national deposit insurance system since the issuance of the revised IADI *Core Principles for Effective Deposit Insurance Systems* (November 2014).

In addition, jurisdictions should indicate if they have carried out a self-assessment of compliance (based on IADI's 2016 Handbook) with the revised Core Principles:

- If so, jurisdictions should highlight the main gaps identified and the steps proposed to address these gaps;
- If not, jurisdictions should indicate any plans to undertake a self-assessment exercise.

Progress to date:
Implementation completed

Progress to date: If you have selected "Not applicable" or "Applicable but no action envisaged at the moment" - please provide a brief justification

Progress to date: please provide a date for your “implementation ongoing” status

Progress to date: If you have selected “Implementation completed” - please provide date of implementation
End 2015

Progress to date: issue is being addressed through
Primary / Secondary legislation - Yes Regulation / Guidelines - Yes Other actions (such as supervisory actions) - No

Progress to date: short description of the content of the legislation/regulation/guideline/other actions
In 2015, the Bank made significant revisions to the deposit guarantee scheme (FSCS) rules in the UK. Prior to these revisions, firms were required to be able to provide information on their covered deposits within 72 hours. The new requirements reduced the data provision timeline to 24 hours (on 1 Dec 2016). In addition, the data requirements were extended to include large corporate accounts and other accounts such as beneficiary accounts. This will facilitate faster pay out to the majority of depositors within a target of 7 days. On 3 Jul 2015 the UK deposit limit was set at £75,000 which was in line with "100,000 as required under the Deposit Guarantee Schemes Directive (DGSD). Firms were required to notify affected depositors of the change to the deposit limit. In Sep 2016, the PRA published final rules implementing risk-based levies following DGSD and EBA guideline requirements. Firms were subject to their first risk based levies in Jul 2017. The DGSD requires non-euro Member States to adjust their deposit protection limits every five years to ensure that they remain equivalent to "100,000. In addition, Member States must make an earlier adjustment following the occurrence of unforeseen events such as currency fluctuations. Taking into consideration developments in financial markets following the UKs referendum vote to leave the European Union, including with respect to the GBP/EUR exchange rate, the PRA considered that a structural shift in the exchange rate occurred. Therefore, in Jan 2017 the PRA published final rules resetting the deposit limit at £85,000 as of 30 Jan 2017.

Progress to date: if this recommendation has not yet been fully implemented, please provide reasons for delayed implementation

Update and next steps: highlight main developments since 2019 survey

Update and next steps: planned actions (if any) and expected commencement date

Relevant web-links: please provide web-links to relevant documents
http://www.bankofengland.co.uk/pra/Pages/publications/ps/2016/ps2516.aspx http://www.bankofengland.co.uk/pra/Pages/publications/ps/2017/ps117.aspx

IX19: Safeguarding financial markets integrity and efficiency - Enhancing integrity and efficiency

G20/FSB Recommendations

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)

Remarks

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).

Progress to date:
Implementation completed

Progress to date: If you have selected "Not applicable" or "Applicable but no action envisaged at the moment" - please provide a brief justification

Progress to date: please provide a date for your “implementation ongoing” status

Progress to date: If you have selected “Implementation completed” - please provide date of implementation
Further changes to the UK regime have been delivered through MAR, in force since Jul 2016, and inforce since 3 Jan 2018.

Progress to date: issue is being addressed through
Primary / Secondary legislation - Yes Regulation / Guidelines - Yes Other actions (such as supervisory actions) - No

Progress to date: if this recommendation has not yet been fully implemented, please provide reasons for delayed implementation

Progress to date: short description of the content of the legislation/regulation/guideline/other actions
MiFID II applies in the UK since 3 Jan 2018 and together with the Market Abuse Regulation provides a comprehensive regulatory and supervisory regime aimed at ensuring the resiliency, integrity, transparency and efficiency of financial markets.

Update and next steps: highlight main developments since 2019 survey
See recommendation 2 for more detail on the UK’s approach to onshoring EU law. More specifically in relation to recommendation 19: •⍰The Markets Abuse Regulation was transposed into UK law under the European Union (Withdrawal) Act 2018, as amended by The Market Abuse (Amendment) (EU Exit) Regulations 2019 (SI 2019/310). •⍰MIFID II was transposed into UK law under the European Union (Withdrawal) Act 2018, as amended by Markets in Financial Instruments (Amendment) (EU Exit) Regulations 2018 (SI 2018/1403).

Update and next steps: planned actions (if any) and expected commencement date

Relevant web-links: please provide web-links to relevant documents
MiFID II and MAR legislation can be found on the European Commissions homepage at https://ec.europa.eu/info/business-economy-euro/banking-and-finance/financial-markets/securities-markets_en https://www.legislation.gov.uk/uksi/2019/310/contents https://www.legislation.gov.uk/uksi/2018/1403/contents/made https://www.gov.uk/government/publications/draft-markets-in-financial-instruments-amendment-eu-exit-regulations-2018/markets-in-financial-instruments-amendment-eu-exit-regulations-2018-explanatory-note

IX20: Safeguarding financial markets integrity and efficiency - Regulation of commodity markets

G20/FSB Recommendations

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)

Remarks

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.

Progress to date:
Implementation completed

Progress to date: If you have selected "Not applicable" or "Applicable but no action envisaged at the moment" - please provide a brief justification

Progress to date: please provide a date for your "implementation ongoing" status

Progress to date: If you have selected "Implementation completed" - please provide date of implementation
03.01.2018

Progress to date: issue is being addressed through
Primary / Secondary legislation - Yes Regulation / Guidelines - Yes Other actions (such as supervisory actions) - Yes

Progress to date: short description of the content of the legislation/regulation/guideline/other actions
The FSA (as it then was) participated in the IOSCO survey on compliance with the IOSCO Principles for the regulation and Supervision of Commodity Derivatives Markets and was noted as broadly compliant with those principles. This survey was repeated during the second half of 2014. In the 2014 exercise it was anticipated that areas which may benefit from enhanced powers will be covered through the implementation of MiFID 2.

Progress to date: if this recommendation has not yet been fully implemented, please provide reasons for delayed implementation

Update and next steps: highlight main developments since 2019 survey
See recommendation 2 for more detail on the UK's approach to onshoring EU law. More specifically in relation to recommendation 20, MIFID II was transposed into UK law under the European Union (Withdrawal) Act 2018, as amended by Markets in Financial Instruments (Amendment) (EU Exit) Regulations 2018 (SI 2018/1403).

Update and next steps: planned actions (if any) and expected commencement date

Relevant web-links: please provide web-links to relevant documents
https://www.legislation.gov.uk/uksi/2018/1403/contents/made https://www.gov.uk/government/publications/draft-markets-in-financial-instruments-amendment-eu-exit-regulations-2018/markets-in-financial-instruments-amendment-eu-exit-regulations-2018-explanatory-note

IX21: Safeguarding financial markets integrity and efficiency - Reform of financial benchmarks

G20/FSB Recommendations

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 ongoing reporting of progress in this area by the FSB Official Sector Steering Group, and ongoing IOSCO work to review the implementation of the IOSCO Principles for Financial Benchmarks.

X22: Enhancing financial consumer protection - Enhancing financial consumer protection

G20/FSB Recommendations

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)

Remarks

Jurisdictions should describe progress toward implementation of the OECD's *G-20 high-level principles on financial consumer protection (Oct 2011)*.

Jurisdictions may refer to OECD's *September 2013 and September 2014 reports* on effective approaches to support the implementation of the High-level Principles, as well as the *G20/OECD Policy Guidance on Financial Consumer Protection in the Digital Age*, which provides additional effective approaches for operating in a digital environment. 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. In the case of private pensions, additional guidance can be found in the *Good Practices on the Role of Pension Supervisory Authorities in Consumer Protection Related to Private Pension Systems*.

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.

Progress to date:
Implementation completed

Progress to date: If you have selected "Not applicable" or "Applicable but no action envisaged at the moment" - please provide a brief justification

Progress to date: please provide a date for your "implementation ongoing" status

Progress to date: If you have selected "Implementation completed" - please provide date of implementation
01.04.2013

Progress to date: issue is being addressed through
Primary / Secondary legislation - No Regulation / Guidelines - No Other actions (such as supervisory actions) - Yes

Progress to date: short description of the content of the legislation/regulation/guideline/other actions
Other actions: The FCA has participated in the G20/OECD Task Force on Financial Consumer Protection since its inception. Since Mar 2016, the FCA chairs the Task Force.

Progress to date: if this recommendation has not yet been fully implemented, please provide reasons for delayed implementation

Update and next steps: highlight main developments since 2019 survey

Update and next steps: planned actions (if any) and expected commencement date

Relevant web-links: please provide web-links to relevant documents

List of abbreviations used

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. ABCP: Asset-back Commercial Paper ACS: Annual cyclical scenario AIFM: Alternative Investment Fund Managers BBA: British Bankers Association CCyB: Countercyclical capital buffer CRR/CRD: Capital Requirements Regulation/Directive ESMA: European Securities and Markets Authority FCA: Financial Conduct Authority FPC: Financial Policy Committee (within the Bank of England) FRC: Financial Reporting Council (responsible for consistent application and enforcement of accounting standards in the UK) HMT: Her Majesty"s Treasury IOSCO: International Organization of Securities Commissions MoU: Memoranda of Understanding PRA: Prudential Regulatory Authority SCR: Sectoral Capital Requirements SDC: Supervisory Development Centres SM&CR: Senior Managers and Certification Regime TFSM: Task Force on Securitisation Markets UCIT: Undertakings for the Collective Investment of Transferable Securities