

Progress in the Implementation of G20/FSB Recommendations – June 2012

Jurisdiction: UNITED KINGDOM

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# (# in brackets are from 2011 template)	G20/FSB Recommendations		Deadline	Progress to Date	Planned Next Steps	
1. Refining the regulatory perimeter						
1 (new)	Cannes	Strengthening the oversight of shadow banking	We agree to strengthen the regulation and oversight of the shadow banking system. ¹	Ongoing	<p>Implementation ongoing:</p> <input type="checkbox"/> Draft regulations/guidelines being developed, expected publication by <input type="checkbox"/> Draft regulations/guidelines published as of <input type="checkbox"/> Final rules expected to be in force by <p><input checked="" type="checkbox"/> Others, please specify: Ongoing</p> <p><input type="checkbox"/> Completed as of</p> <p>Overview (short description) of action(s) taken: Issues relating to SIVs and conduits and the need for banks to take assets back on balance sheet were apparent during the 2007/08 financial crisis and prompted early recognition of the need to address shadow banking activity (e.g. recommendations 8 and 9 of the Turner Review). Prior to the crisis, hedge fund managers were already subject to FSA regulation along with other asset managers.</p> <p>Web-links to relevant documents:</p>	<p>Planned actions (if any): The UK authorities are participating fully in the work of the Financial Stability Board and other standard setters during 2012 to develop an international framework to address the financial stability risks arising from shadow banking activity. Similarly, the UK authorities are engaged in related work being undertaken within the EU.</p> <p>Expected commencement date:</p> <p>Web-links to relevant documents: http://www.fsa.gov.uk/library/communication/speeches/2012/0314_at.shtml http://www.bankofengland.co.uk/publications/Pages/speeches/2012/566.aspx</p>

¹ For this survey, the focus is exclusively on the recommendations for monitoring the shadow banking system, discussed in section 2 of the October 2011 FSB report: “Shadow Banking: Strengthening Oversight and Regulation”, which is available here: http://www.financialstabilityboard.org/publications/r_111027a.pdf.

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2 (11)	(Lon)	Review of the boundaries of the regulatory framework	We will each review and adapt the boundaries of the regulatory framework to keep pace with developments in the financial system and promote good practices and consistent approaches at an international level.	Ongoing	<p>Implementation ongoing:</p> <p><input checked="" type="checkbox"/> Draft regulations/guidelines being developed, expected publication by</p> <p><input type="checkbox"/> Draft regulations/guidelines published as of</p> <p><input type="checkbox"/> Final rules expected to be in force by</p> <p><input checked="" type="checkbox"/> Others, please specify: Legislation.</p> <p><input type="checkbox"/> Completed as of</p> <p>Overview (short description) of action(s) taken: The Financial Services Bill is establishing a legislative framework under which the FPC is mandated to review the regulatory perimeter from a financial stability perspective, and make recommendations to the Treasury if it thinks changes should be made.</p> <p>The FSB securities lending and repo workstream published on 27 April an interim report, including an overview of the key market segments and related financial stability issues.</p> <p>IOSCO published on 27 April a consultation report that provides an analysis of the systemic importance of MMFs and</p>	<p>Planned actions (if any):</p> <p>Expected commencement date: Early 2013</p> <p>Web-links to relevant documents: http://www.publications.parliament.uk/pa/bills/cbill/2010-2012/0323/2012323.pdf</p> <p>http://www.iosco.org/library/pubdocs/pdf/IOSCOPD379.pdf</p> <p>http://ec.europa.eu/internal_market/bank/docs/shadow/green-paper_en.pdf</p>

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			<p>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.</p>		<p>systemic risks to financial stability from hedge funds. Survey data is used to examine in particular:</p> <ul style="list-style-type: none"> - the size of funds' 'footprints' in the market, including measures of leverage and risk; - the scale of any asset/liability mismatch; - substantial market or asset class concentration and liquidity issues; and - credit counterparty risks between hedge funds and other market participants. <p>Within the EU, the Alternative Investment Fund Managers Directive (AIFMD) requires substantially more transparency to be provided by hedge fund managers (and other non-UCIT fund managers) on their hedge funds.</p> <p>Web-links to relevant documents: http://www.fsa.gov.uk/static/pubs/other/hedge-fund-report-feb2012.pdf</p>	
4 (14)	(Lon)	Effective oversight of cross-border funds	We ask the FSB to develop mechanisms for cooperation and information sharing between relevant authorities in order to ensure effective oversight is	End-2009	<p>Implementation ongoing:</p> <ul style="list-style-type: none"> <input type="checkbox"/> Draft regulations/guidelines being developed, expected publication by <input type="checkbox"/> Draft regulations/guidelines published as of <input type="checkbox"/> Final rules expected to be in force by <input checked="" type="checkbox"/> Others, please specify: 	<p>Planned actions (if any): Continue survey activity and international engagement.</p> <p>Expected commencement date:</p> <p>Web-links to relevant documents:</p>

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			<p>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.</p>		<p><input type="checkbox"/> Completed as of</p> <p>Overview (short description) of action(s) taken: The action is directed to the FSB. The FSA has, however, 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). The FSA is also involved (and co-Chair) in the IOSCO Task Force on Unregulated Entities, which is running a second global survey of hedge funds and also developing a methodology to identify potential hedge fund SIFIs.</p> <p>Web-links to relevant documents: http://www.fsa.gov.uk/pages/library/corporate/memorandums/international/index.shtml</p>	
5 (15)	(Lon)	Effective management of counter-party risk associated with hedge funds	Supervisors should require that institutions which have hedge funds as their counterparties have effective risk management, including mechanisms to	Ongoing	<p>Implementation ongoing:</p> <p><input type="checkbox"/> Draft regulations/guidelines being developed, expected publication by</p> <p><input type="checkbox"/> Draft regulations/guidelines published as of</p> <p><input type="checkbox"/> Final rules expected to be in force by</p> <p><input checked="" type="checkbox"/> Others, please specify:</p>	<p>Planned actions (if any): Continue survey activity</p> <p>Expected commencement date:</p> <p>Web-links to relevant documents:</p>

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			monitor the funds' leverage and set limits for single counterparty exposures.		<input type="checkbox"/> Completed as of Overview (short description) of action(s) taken: The first step in managing counterparty exposures is to have an effective supervisory regime for investment banks and prime brokers. In addition, the FSA has for many years undertaken a hedge fund as counterparty survey to determine the counterparty exposures of the prime brokerage arms of the major investment banks. This survey is used alongside other supervisory tools to enable supervisors to identify exposures which may give rise to concern and to assess the effectiveness of counterparty risk management. The FSA will continue to develop its hedge fund as counterparty survey and continue to integrate the analysis of this with the analysis undertaken of the hedge fund manager survey. Web-links to relevant documents: http://www.fsa.gov.uk/pages/library/corporate/memorandums/international/index.shtml	

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6 (16)	(FSF 2008)	Guidance on the management of exposures to leveraged counterparties	II.17 Supervisors will strengthen their existing guidance on the management of exposures to leveraged counterparties	Ongoing	<p>Implementation ongoing:</p> <p><input type="checkbox"/> Draft regulations/guidelines being developed, expected publication by</p> <p><input type="checkbox"/> Draft regulations/guidelines published as of</p> <p><input type="checkbox"/> Final rules expected to be in force by</p> <p><input checked="" type="checkbox"/> Others, please specify:</p> <p><input type="checkbox"/> Completed as of</p> <p>Overview (short description) of action(s) taken: The FSA participates in the annual prime brokerage survey which provides information on how much the large investment banks lend, how leveraged their positions are and the quality of the collateral. It also serves to provide an indication of the totality of firms' relationships (including non prime broker) and counterparty exposures.</p> <p>The FSA introduced a hedge fund manager survey in October 2009 to assess and mitigate the potential systemic risk of this sector. One important aim of the hedge fund manager survey is to understand the use of leverage by hedge funds. It does this by gathering information on the channels</p>	<p>Planned actions (if any): Continue survey activity and international engagement.</p> <p>Expected commencement date:</p> <p>Web-links to relevant documents:</p>

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					<p>through which hedge funds can borrow money (e.g. collateralised borrowing through prime brokerage agreements, sale and repurchase agreements or synthetically using instruments such as swaps or contracts for differences) and the counterparties through which they borrow.</p> <p>Web-links to relevant documents: http://www.fsa.gov.uk/static/pubs/other/hedge-fund-report-feb2012.pdf</p>	
(ii) Securitisation						
7 (17)	(FSB 2009)	Implementation of BCBS/IOSCO measures for securitisation	<p>During 2010, supervisors and regulators will:</p> <ul style="list-style-type: none"> implement the measures decided by the Basel Committee to strengthen the capital requirement of securitisation and establish clear rules for banks' management and disclosure; 	During 2010	<p>No response required for this survey.</p> <p>Please refer to the BCBS progress report on the Basel 2.5 adoption, available at: http://www.bis.org/publ/bcbs/b2_5prog_rep_table.htm</p>	

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			<ul style="list-style-type: none"> implement IOSCO's proposals to strengthen practices in securitisation markets. 		<p>Implementation ongoing:</p> <input type="checkbox"/> Draft regulations/guidelines being developed, expected publication by <input type="checkbox"/> Draft regulations/guidelines published as of <input type="checkbox"/> Final rules expected to be in force by <input type="checkbox"/> Others, please specify: <input checked="" type="checkbox"/> Completed as of End 2010. <p>Overview (short description) of action(s) taken: The UK's implementation of the CRD2 securitisation requirements came into force on 31 December 2010.</p> <p>Web-links to relevant documents:</p>	<p>Planned actions (if any):</p> <p>Expected commencement date:</p> <p>Web-links to relevant documents:</p>
8 (18)	(Lon)	Improvement in the risk management of securitisation, including retainment of a part of the risk of the underlying assets by	The BCBS and authorities should take forward work on improving incentives for risk management of securitisation, including considering due diligence and	By 2010	<p>Implementation ongoing:</p> <input type="checkbox"/> Draft regulations/guidelines being developed, expected publication by <input type="checkbox"/> Draft regulations/guidelines published as of <input type="checkbox"/> Final rules expected to be in force by <input type="checkbox"/> Others, please specify:	<p>Planned actions (if any): The FSA is participating in IOSCO led work, forming one element of the FSB shadow banking project, to review this issue.</p> <p>Expected commencement date:</p>

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	(Pitts)	securitisation sponsors or originators	quantitative retention requirements by 2010. Securitization sponsors or originators should retain a part of the risk of the underlying assets, thus encouraging them to act prudently.	<input checked="" type="checkbox"/> Completed as of End 2010 Overview (short description) of action(s) taken: The UK's implementation of the CRD2 securitisation requirements - including Article 122a - came into force on 31 December 2010. Web-links to relevant documents:	Web-links to relevant documents:
9 (19)	(FSF 2008)	Strengthening of regulatory and capital framework for monolines	II.8 Insurance supervisors should strengthen the regulatory and capital framework for monoline insurers in relation to structured credit.	Ongoing Implementation ongoing: <input type="checkbox"/> Draft regulations/guidelines being developed, expected publication by <input type="checkbox"/> Draft regulations/guidelines published as of <input type="checkbox"/> Final rules expected to be in force by <input checked="" type="checkbox"/> Others, please specify: <input type="checkbox"/> Completed as of Overview (short description) of action(s) taken: The FSA has established a benchmark for an enhanced capital requirement for the UK	Planned actions (if any): The FSA will be reviewing firms' internal capital assessments (and associated risk management and governance), with a view to establishing suitable capital levels for a firm in relation to its specific portfolio if and as they reactivate. Reactivating firms are also expected to develop their internal models ready for approval on implementation of Solvency 2. Expected commencement date: Web-links to relevant documents:

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					<p>monoline subsidiaries it supervises, and without that level of capital no plan for resuming UK business would be acceptable.</p> <p>Web-links to relevant documents:</p>	
10 (20)	(FSF 2008)	Strengthening of supervisory requirements or best practices for investment in structured products	II.18 Regulators of institutional investors should strengthen the requirements or best practices for firms' processes for investment in structured products.	Ongoing	<p>Implementation ongoing:</p> <p><input type="checkbox"/> Draft regulations/guidelines being developed, expected publication by</p> <p><input type="checkbox"/> Draft regulations/guidelines published as of</p> <p><input type="checkbox"/> Final rules expected to be in force by</p> <p><input type="checkbox"/> Others, please specify:</p> <p><input checked="" type="checkbox"/> Completed as of end 2010.</p> <p>Overview (short description) of action(s) taken: The Basel Committee adopted revisions to the Basel II framework to strengthen the requirements for investors in securitisation. CRD2 (implementing Basel in the EU) implements more detailed proposals in this area. These amendments came into force on 31 Dec 2010.</p> <p>Web-links to relevant documents:</p>	<p>Planned actions (if any): The FSA is participating in IOSCO led work, forming one element of the FSB shadow banking project, to review this issue.</p> <p>Expected commencement date:</p> <p>Web-links to relevant documents:</p>

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11 (21)	(FSF 2008)	Enhanced disclosure of securitised products	III.10-III.13 Securities market regulators should work with market participants to expand information on securitised products and their underlying assets.	Ongoing	<p>Implementation ongoing:</p> <input type="checkbox"/> Draft regulations/guidelines being developed, expected publication by <input type="checkbox"/> Draft regulations/guidelines published as of <input type="checkbox"/> Final rules expected to be in force by	<p>Planned actions (if any): Continued participation in IOSCO led work.</p> <p>Expected commencement date:</p> <p>Web-links to relevant documents:</p>
2. Enhancing supervision						
12 (5)	(Pitts)	Consistent, consolidated supervision and regulation of SIFIs	All firms whose failure could pose a risk to financial stability must be subject to consistent,	Ongoing	<p>Implementation ongoing:</p> <input type="checkbox"/> Draft regulations/guidelines being developed, expected publication by <input type="checkbox"/> Draft regulations/guidelines published as of <input type="checkbox"/> Final rules expected to be in force by	<p>Planned actions (if any):</p> <p>Expected commencement date:</p>

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			consolidated supervision and regulation with high standards.		<input type="checkbox"/> Others, please specify: <input checked="" type="checkbox"/> Completed as of Overview (short description) of action(s) taken: Consolidated supervision is an integral part of the FSA's prudential supervision. The FSA began a reform of its supervisory process in the spring of 2008, which has been directed towards a more expert, judgement-based and better resourced approach to supervision. Web-links to relevant documents: http://www.fsa.gov.uk/library/corporate/pla n/bp2012	Web-links to relevant documents:
13 (8)	(Lon)	Establishment of Supervisory colleges	To establish the remaining supervisory colleges for significant cross-border firms by June 2009.	June 2009 (for establishing supervisory colleges)	Implementation ongoing: <input type="checkbox"/> Draft regulations/guidelines being developed, expected publication by <input type="checkbox"/> Draft regulations/guidelines published as of <input type="checkbox"/> Final rules expected to be in force by <input type="checkbox"/> Others, please specify:	Planned actions (if any): The FSA is participating actively in the current BCBS review of good practice principles and distil lessons learned. Expected commencement date: Web-links to relevant documents:

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					<input checked="" type="checkbox"/> Completed as of mid 2009 Overview (short description) of action(s) taken: The FSA has established colleges for all its major cross-border firms and these are run in line with agreed Basel and IAIS guidance on colleges and the more detailed European college requirements. In addition, the FSA participates in colleges for many firms that are active in the UK. Through its college activity, the FSA seeks to develop its shared understanding of the relevant firm and how its risks are being mitigated, and often follows up with joint work with other supervisors to achieve its objectives. Web-links to relevant documents:	
14 (8)	(Seoul)	Conducting risk assessments through international supervisory colleges	We agreed to conduct rigorous risk assessment on these firms through international supervisory colleges ...	Ongoing	Implementation ongoing: <input type="checkbox"/> Draft regulations/guidelines being developed, expected publication by <input type="checkbox"/> Draft regulations/guidelines published as of <input type="checkbox"/> Final rules expected to be in force by <input checked="" type="checkbox"/> Others, please specify: Assessment through internal review and the work of the sector-based international standard setters.	Planned actions (if any): The FSA is participating actively in the current BCBS review of good practice principles in order to distil lessons learned. Expected commencement date: Web-links to relevant documents:

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					<input type="checkbox"/> Completed as of Overview (short description) of action(s) taken: The FSA has been closely involved in Basel, IAIS and FSB college review work since 2008. Web-links to relevant documents:	
15 (9)	(FSF 2008)	Supervisory exchange of information and coordination	V.7 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.	Ongoing	Implementation ongoing: <input type="checkbox"/> Draft regulations/guidelines being developed, expected publication by <input type="checkbox"/> Draft regulations/guidelines published as of <input type="checkbox"/> Final rules expected to be in force by <input checked="" type="checkbox"/> Others, please specify: Legislation already provides for confidential supervisory information exchange subject to safeguards. <input type="checkbox"/> Completed as of Overview (short description) of action(s) taken: The FSA has formal information gateways in place to cover most key host relationships but will continue to develop and widen its	Planned actions (if any): The FSA will continue to develop and widen its set of memoranda of understanding to ensure that it has workable gateways with all relevant material host supervisors Expected commencement date: Web-links to relevant documents:

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					<p>set of memoranda of understanding to ensure that it has workable gateways with relevant material host supervisors. The FSA seeks to be proactive in sharing and receiving information about cross-border firms.</p> <p>Web-links to relevant documents: http://www.fsa.gov.uk/pages/library/corporate/memorandums/international/index.shtml</p>	
16 (10)	(Seoul)	More effective oversight and supervision	We agreed that supervisors should have strong and unambiguous mandates, sufficient independence to act, appropriate resources, and a full suite of tools and powers to proactively identify and address risks, including regular stress testing and early intervention.	Ongoing	<p>Implementation ongoing:</p> <p><input type="checkbox"/> Draft regulations/guidelines being developed, expected publication by</p> <p><input type="checkbox"/> Draft regulations/guidelines published as of</p> <p><input type="checkbox"/> Final rules expected to be in force by</p> <p><input checked="" type="checkbox"/> Others, please specify: The Financial Services Bill is undergoing parliamentary scrutiny.</p> <p><input type="checkbox"/> Completed as of</p> <p>Overview (short description) of action(s) taken: The Financial Services Bill has been introduced to Parliament and is undergoing scrutiny in the House of Commons.</p>	<p>Planned actions (if any):</p> <p>Expected commencement date:</p> <p>Web-links to relevant documents:</p>

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					Web-links to relevant documents: http://www.hm-treasury.gov.uk/fin_financial_services_bill.htm	
17 (12)	(FSF 2008)	Supervisory resources and expertise to oversee the risks of financial innovation	V.1 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.	Ongoing	<p>Implementation ongoing:</p> <p><input type="checkbox"/> Draft regulations/guidelines being developed, expected publication by</p> <p><input type="checkbox"/> Draft regulations/guidelines published as of</p> <p><input type="checkbox"/> Final rules expected to be in force by</p> <p><input checked="" type="checkbox"/> Others, please specify:</p> <p><input type="checkbox"/> Completed as of On-going</p> <p>Overview (short description) of action(s) taken: As outlined in the FSA's recent Business Plans, significant additional resources and enhanced approaches to supervision have been introduced since 2008. The most recent FSA Business Plan (2012/13) summarises changes to the FSA's operating platform and to its budget. The FSA's budget for on-going regulatory activities increased from £492mn in the 2011/12 budget to £543.5mn in 2012/13. Hector Sants (FSA CEO) in his CEO's Overview and Section 7 of the Plan addresses staff</p>	<p>Planned actions (if any): The government proposes that prudential supervision for banks, building societies, insurers and major investment firms will be transferred to a subsidiary of the Bank of England, the Prudential Regulation Authority (PRA), while the FSA will be renamed the Financial Conduct Authority (FCA), which will focus on consumer protection and market regulation. This will create a 'twin peaks' structure. The FSA's Business Plan 2012/13 outlines the FSA's preparations in respect of this planned change. Various documents refer to FSA planning in respect of these changes and their consequences for supervision. This is an evolving area and therefore those with an interest should consult the websites of the UK authorities for further information.</p> <p>Expected commencement date:</p>

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					<p>composition and competencies, noting that the new approach to supervision in requiring a more proactive and judgement based approach also requires greater resources and expertise.</p> <p>Web-links to relevant documents: http://www.fsa.gov.uk/library/corporate/plan/bp2012</p>	<p>2013</p> <p>Web-links to relevant documents: http://services.parliament.uk/bills/2010-12/financialservices.html</p>
3. Building and implementing macro-prudential frameworks and tools						
18 (23)	(Lon)	Amendment of regulatory systems to take account of macro-prudential risks	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.	Ongoing	<p>Implementation ongoing:</p> <p><input type="checkbox"/> Draft regulations/guidelines being developed, expected publication by</p> <p><input type="checkbox"/> Draft regulations/guidelines published as of</p> <p><input type="checkbox"/> Final rules expected to be in force by</p> <p><input checked="" type="checkbox"/> Others, please specify: The Financial Services Bill was introduced into Parliament in January 2012.</p> <p><input type="checkbox"/> Completed as of</p> <p>Overview (short description) of action(s) taken: The Bill will establish a statutory macro-prudential authority, the Financial Policy Committee (FPC) within the Bank of England. The FPC will be tasked with identifying, monitoring and taking action to</p>	<p>Planned actions (if any):</p> <p>Expected commencement date:</p> <p>Web-links to relevant documents:</p>

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					<p>remove or reduce systemic risks with a view to protecting and enhancing the resilience of the UK financial system As part of this role, the powers of the statutory FPC will include:</p> <p>(i) Giving directions to the Prudential Regulation Authority (PRA) and the Financial Conduct Authority (FCA) to implement macroprudential measures. In this regard, the interim FPC gave its advice to HM Treasury in March 2012 on the macroprudential measures the statutory FPC should be able to use;</p> <p>(ii) Making recommendations to the Bank of England, HM Treasury, FCA, PRA and other persons. The recommendations to HM Treasury may include recommendations to expand the regulatory perimeter to bring activities within the scope of regulation for systemic reasons.</p> <p>Web-links to relevant documents: http://www.publications.parliament.uk/pa/bills/cbill/2010-2012/0323/2012323.pdf http://www.bankofengland.co.uk/publications/Pages/news/2012/034.aspx</p>	

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19 (24)	(Lon)	Powers for gathering relevant information by national regulators	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.	Ongoing	<p>Implementation ongoing:</p> <input type="checkbox"/> Draft regulations/guidelines being developed, expected publication by <input type="checkbox"/> Draft regulations/guidelines published as of <input type="checkbox"/> Final rules expected to be in force by <input type="checkbox"/> Others, please specify: <input type="checkbox"/> Completed as of <p>Overview (short description) of action(s) taken: The FSA's information gathering powers were enhanced through new legislation in 2010. The FSA is participating actively in the FSB's data gaps programme to ensure improved data utilisation.</p> <p>Web-links to relevant documents:</p>	<p>Planned actions (if any):</p> <p>Expected commencement date:</p> <p>Web-links to relevant documents:</p>
20 (25)	(FSF 2009)	Use of macro-prudential tools	3.1 Authorities should use quantitative indicators and/or constraints on leverage and margins as macro-prudential tools for	End-2009 and ongoing	<p>Implementation ongoing:</p> <input type="checkbox"/> Draft regulations/guidelines being developed, expected publication by <input type="checkbox"/> Draft regulations/guidelines published as of <input type="checkbox"/> Final rules expected to be in force by	<p>Planned actions (if any):</p> <p>In its February 2011 Consultation Document and June 2011 White Paper, the Treasury had asked the interim FPC to provide advice on the macroprudential tools over which the statutory FPC would</p>

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	(Cannes)		<p>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... Authorities should review enforcing minimum initial margins and haircuts for OTC derivatives and securities financing transactions.</p> <p>We are developing macro-prudential policy frameworks and tools to limit the build-up of risks in the financial sector, building on the ongoing work of the FSB-BIS-IMF on this subject.</p>		<p><input checked="" type="checkbox"/> Others, please specify: In March 2012, the interim FPC gave its advice to HMT Treasury in March 2012 on the macroprudential tools over which it judged the statutory FPC should have powers to direct action by the Prudential Regulatory Authority and the Financial Conduct Authority.</p> <p><input type="checkbox"/> Completed as of</p> <p>Overview (short description) of action(s) taken: Together, the Bank of England, FSA and interim Financial Policy Committee actively monitor leverage (at both the institution-specific and system-wide level) and margins, with developments in these indicators being used in conjunction with other indicators as guides to policy.</p> <p>The interim FPC also advised HM Treasury that, in order to meet its proposed objective, the statutory FPC should have powers of Direction over the countercyclical capital buffer, sectoral capital requirements and a leverage ratio. It also agreed that it might be useful for the statutory FPC to have powers of Direction to vary minimum margining requirements but concluded that this tool should be reconsidered once international discussions had progressed</p>	<p>need powers of Direction in order to meet its proposed objective. The Treasury had requested that the Committee give this advice in the first half of 2012, in order to help it frame the necessary secondary legislation under the Financial Services Bill currently going through Parliament. The Committee devoted a significant part of its discussions in March to finalising its advice, in the light of its deliberations at its September 2011 meeting and the responses to the Bank and Financial Services Authority (FSA) staff Discussion Paper, Instruments of macroprudential policy published in December 2011.</p> <p>Expected commencement date:</p> <p>Web-links to relevant documents: http://www.bankofengland.co.uk/publications/Documents/records/fpc/pdf/2012/record1203.pdf</p>

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					<p>further.</p> <p>Web-links to relevant documents: http://www.bankofengland.co.uk/publications/Pages/news/2012/034.aspx</p>	
21 (26)	(WAP)	Monitoring of asset price changes	Authorities should monitor substantial changes in asset prices and their implications for the macro economy and the financial system.	Ongoing	<p>Implementation ongoing:</p> <p><input type="checkbox"/> Draft regulations/guidelines being developed, expected publication by</p> <p><input type="checkbox"/> Draft regulations/guidelines published as of</p> <p><input type="checkbox"/> Final rules expected to be in force by</p> <p><input checked="" type="checkbox"/> Others, please specify:</p> <p><input type="checkbox"/> Completed as of</p> <p>Overview (short description) of action(s) taken: The Bank of England actively monitors asset price developments consistent with its remit for both monetary and financial stability. This is also part of the FSA's ongoing market surveillance and risk management process.</p> <p>The Financial Policy Committee will, as part of its responsibility for maintaining financial stability, monitor and address threats to stability arising from imbalances</p>	<p>Planned actions (if any):</p> <p>Expected commencement date:</p> <p>Web-links to relevant documents:</p>

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					<p>in the financial system. Annex 1 of the Bank of England-FSA staff Discussion Paper on 'Instruments of Macroprudential Policy' refers to possible indicators of systemic risk, including information derived from asset prices.</p> <p>Web-links to relevant documents: http://www.bankofengland.co.uk/publications/Documents/other/financialstability/discussionpaper111220.pdf</p>	
22 (27)	(FSF 2008)	Improved cooperation between supervisors and central banks	V.8 Supervisors and central banks should improve cooperation and the exchange of information including in the assessment of financial stability risks. The exchange of information should be rapid during periods of market strain.	Ongoing	<p>Implementation ongoing:</p> <p><input type="checkbox"/> Draft regulations/guidelines being developed, expected publication by</p> <p><input type="checkbox"/> Draft regulations/guidelines published as of</p> <p><input checked="" type="checkbox"/> Final rules expected to be in force by Mid 2013.</p> <p><input type="checkbox"/> Others, please specify:</p> <p><input type="checkbox"/> Completed as of</p> <p>Overview (short description) of action(s) taken: The Financial Services Bill was introduced to Parliament on 26 January 2012. The Bill will implement the Government's commitment to strengthen the financial regulatory structure in the UK. The</p>	<p>Planned actions (if any): Subject to the parliamentary timetable the Government's aim is for the Bill to gain Royal Assent by the end of 2012, and for the new system to be operational in early 2013.</p> <p>Expected commencement date:</p> <p>Web-links to relevant documents:</p>

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					<p>legislation will fundamentally reform the current regulatory system, which divides responsibility for financial stability between the Treasury, the Bank of England and the Financial Services Authority (FSA).</p> <p>The new system will give the Bank of England macro-prudential responsibility for oversight of the financial system and, through a new, operationally independent subsidiary, for day-to-day prudential supervision of financial services firms managing significant balance-sheet risk. The FSA will cease to exist in its current form. A proactive new conduct of business regulator will also be created to protect consumers, promote competition and ensure integrity in markets.</p> <p>The legislation implements these reforms by:</p> <ul style="list-style-type: none"> • establishing a macro-prudential authority, the Financial Policy Committee (FPC) within the Bank of England, to monitor and respond to systemic risks; • clarifying responsibilities between the Treasury and the Bank of England in the event of a financial crisis by giving the Chancellor of the Exchequer powers to direct the Bank of England where public funds are at risk and there is a serious threat to financial stability; • transferring responsibility for 	

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					<p>significant prudential regulation to a focused new regulator, the Prudential Regulation Authority (PRA) established as a subsidiary of the Bank of England; and</p> <ul style="list-style-type: none"> • creating a focused new conduct of business regulator – the Financial Conduct Authority (FCA) – which will supervise all firms to ensure that business across financial services and markets is conducted in a way that advances the interests of all users and participants. <p>Specifically as regards the exchange of information, there are currently wide information sharing gateways allowing the FSA to share supervisory information with the Bank of England, whether it is collected by the FSA under domestic legislation and or under EU directives, for the purpose of the Bank’s functions as a monetary authority and other public functions.</p> <p>Secondary legislation to be put in place following and in connection with the Bill, will transpose these provisions such that they apply to the appropriate authority (i.e. the PRA/FCA) relevant to its regulatory responsibilities.</p> <p>In addition, the Bill includes new provisions whereby the PRA must disclose to the Bank any information in its possession that it</p>	

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					<p>thinks will or may assist the Bank in achieving its financial stability objective, and furthermore, the Bank may give a direction to the FCA or the PRA requiring it to provide the Bank with specified information or information of a specified description or to produce to the Bank specified documents or documents of a specified description where the Bank considers that information or documents are reasonably required in connection with the exercise by the Bank of its financial stability objective.</p> <p>Web-links to relevant documents: http://www.hm-treasury.gov.uk/press_08_12.htm</p>	
4. Improving oversight of credit rating agencies						
23 (35)	(Lon)	Registration of CRAs etc.	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	End-2009	<p>Implementation ongoing:</p> <p><input type="checkbox"/> Draft regulations/guidelines being developed, expected publication by</p> <p><input checked="" type="checkbox"/> Draft regulations/guidelines published as of 2011</p> <p><input checked="" type="checkbox"/> Final rules expected to be in force by 2013</p> <p><input type="checkbox"/> Others, please specify:</p> <p><input type="checkbox"/> Completed as of</p>	<p>Planned actions (if any):</p> <p>Expected commencement date:</p> <p>Web-links to relevant documents:</p>

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			IOSCO Code of Conduct Fundamentals.		<p>Overview (short description) of action(s) taken: The EU CRA registration process has been completed and responsibility for ongoing supervision has been transferred to ESMA by the second CRA Regulation. Full implementation (through adoption of technical standards) is ongoing. Negotiation of the Third Regulation, which addresses conflicts of interest, accountability and transparency.</p> <p>Web-links to relevant documents: http://ec.europa.eu/internal_market/securities/docs/agencies/COM_2011_747_en.pdf http://www.esma.europa.eu/page/CRA-documents</p>	
24 (36)	(Lon)	CRA practices and procedures etc.	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.	End-2009	<p>Implementation ongoing:</p> <p><input type="checkbox"/> Draft regulations/guidelines being developed, expected publication by</p> <p><input checked="" type="checkbox"/> Draft regulations/guidelines published as of 2011</p> <p><input type="checkbox"/> Final rules expected to be in force by</p> <p><input type="checkbox"/> Others, please specify:</p> <p><input type="checkbox"/> Completed as of</p>	<p>Planned actions (if any):</p> <p>Expected commencement date:</p> <p>Web-links to relevant documents:</p>

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			<p>CRA's should differentiate ratings for structured products and provide full disclosure of their ratings track record and the information and assumptions that underpin the ratings process.</p> <p>The oversight framework should be consistent across jurisdictions with appropriate sharing of information between national authorities, including through IOSCO.</p>		<p>Overview (short description) of action(s) taken: The EU CRA registration process has been completed and responsibility for ongoing supervision has been transferred to ESMA by the second CRA Regulation. Full implementation (through adoption of technical standards) is ongoing. Negotiation of the Third Regulation, which addresses conflicts of interest, accountability and transparency. ESMA continues to negotiate bilateral MoUs with third country jurisdictions.</p> <p>Web-links to relevant documents: http://www.esma.europa.eu/page/CRA-documents</p>	
25 (37)	(FSB 2009)	Globally compatible solutions to conflicting compliance obligations for CRA's	Regulators should work together towards appropriate, globally compatible solutions (to conflicting compliance obligations for	As early as possible in 2010	Implementation ongoing: <input type="checkbox"/> Draft regulations/guidelines being developed, expected publication by <input type="checkbox"/> Draft regulations/guidelines published as of <input type="checkbox"/> Final rules expected to be in force by	Planned actions (if any): Expected commencement date: Web-links to relevant documents:

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			CRAs) as early as possible in 2010.		<input checked="" type="checkbox"/> Others, please specify: <input type="checkbox"/> Completed as of Overview (short description) of action(s) taken: The FSA has engaged with the work on CRAs undertaken by the FSB and IOSCO (which has formed a standing committee on CRAs (SC6)) and will continue to do so. ESMA continues to negotiate bilateral MoUs between the EU and third country jurisdictions. Web-links to relevant documents:	
26 (38)	(Seoul)	Reducing the reliance on ratings	We also endorsed the FSB's principles on reducing reliance on external credit ratings. Standard setters, market participants, supervisors and central banks should not rely mechanistically on external credit ratings.	Ongoing	No response required for this survey. Please refer to national summary tables in <i>Progress Report on Reducing Reliance on CRA Ratings</i> (forthcoming).	

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			central banks to implement the agreed FSB principles and end practices that rely mechanistically on these ratings.			
5. Enhancing and aligning accounting standards						
27 (28)	(WAP)	Consistent application of high-quality accounting standards	Regulators, supervisors, and accounting standard setters, as appropriate, should work with each other and the private sector on an ongoing basis to ensure consistent application and enforcement of high-quality accounting standards.	Ongoing	<p>Implementation ongoing:</p> <input type="checkbox"/> Draft regulations/guidelines being developed, expected publication by <input type="checkbox"/> Draft regulations/guidelines published as of <input type="checkbox"/> Final rules expected to be in force by <input checked="" type="checkbox"/> Others, please specify: <input type="checkbox"/> Completed as of <p>Overview (short description) of action(s) taken: The Financial Reporting Council (FRC) is responsible for the consistent application and enforcement of accounting standards in the UK.</p> <p>As laid out under the Code of Practice for the relationship between the external auditor and the supervisor, the FSA continues to</p>	<p>Planned actions (if any):</p> <p>Expected commencement date:</p> <p>Web-links to relevant documents:</p>

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					<p>meet with the auditors of financial institutions to discuss the adequacy of disclosures under accounting standards. On an ongoing basis the FSA also meets with the major UK banks to discuss, amongst other matters, any implementation issues with accounting standards.</p> <p>As the major financial institutions follow IFRS set by the IASB as endorsed by the EU, the FSA provides most input to the standard setters on issues around consistent implementation of IFRS through the Basel Accounting Task Force and the European Banking Authority.</p> <p>Web-links to relevant documents:</p>	
28 (30)	(FSF 2009)	The use of valuation reserves or adjustments by accounting standard setters and supervisors	3.4 Accounting standard setters and prudential supervisors should examine the use of valuation reserves or adjustments for fair valued financial instruments when data or modelling needed to support their valuation is weak.	End-2009	<p>Implementation ongoing:</p> <p><input type="checkbox"/> Draft regulations/guidelines being developed, expected publication by</p> <p><input type="checkbox"/> Draft regulations/guidelines published as of</p> <p><input type="checkbox"/> Final rules expected to be in force by</p> <p><input checked="" type="checkbox"/> Others, please specify:</p> <p><input type="checkbox"/> Completed as of</p>	<p>Planned actions (if any):</p> <p>Based on the feedback provided on CP11/30 and its ongoing work in this area, the FSA will continue to keep under consideration the appropriateness and desirability of further policy initiatives in addressing valuation uncertainties for prudential purposes.</p> <p>Expected commencement date:</p>

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					<p>Overview (short description) of action(s) taken:</p> <p>The FSA published a policy statement (PS11/12) on 3 November 2011 amending the FSA Handbook for implementing provisions in CRD3 relating to the trading book and securitisations. These changes were in force from 31 December 2011.</p> <p>The FSA also issued a consultation paper CP11/30 Proposed Regulatory Prudent Valuation Return in December 2011 requesting certain firms provide to the FSA quarterly reports showing the difference between that prudent valuation and the fair valuation of their trading books (and other assets and liabilities held at fair value). The consultation period closed on 14 February 2012.</p> <p>Web-links to relevant documents: http://www.fsa.gov.uk/pubs/policy/ps11_12.pdf http://www.fsa.gov.uk/pubs/cp/cp11_30.pdf</p>	<p>Web-links to relevant documents:</p>
29 (31)	(FSF 2009)	Dampening of dynamics associated with FVA.	3.5 Accounting standard setters and prudential supervisors should examine possible changes to relevant	End-2009	<p>Implementation ongoing:</p> <p><input type="checkbox"/> Draft regulations/guidelines being developed, expected publication by</p> <p><input type="checkbox"/> Draft regulations/guidelines published as of</p> <p><input type="checkbox"/> Final rules expected to be in force by</p>	<p>Planned actions (if any):</p> <p>Expected commencement date:</p>

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			<p>standards to dampen adverse dynamics potentially associated with fair value accounting. Possible ways to reduce this potential impact include the following: (1) Enhancing the accounting model so that the use of fair value accounting is carefully examined for financial instruments of credit intermediaries; (ii) Transfers between financial asset categories; (iii) Simplifying hedge accounting requirements.</p>		<p><input checked="" type="checkbox"/> Others, please specify:</p> <p><input type="checkbox"/> Completed as of</p> <p>Overview (short description) of action(s) taken: The IASB continues to consult on ways to improve the accounting for financial instruments. A new standard (IFRS 9) on the classification and measurement of financial assets and financial liabilities has been issued, but the IASB had tentatively decided to consider making certain limited modifications to the standard on an expedited basis. IASB continues to discuss possible improvements to impairment and hedge accounting requirements following previous exposure drafts on financial assets impairment (Nov 2009) and hedge accounting (Dec 2010). A new standard on fair value measurement has also been issued (May 2011). A final standard on general hedge accounting and a discussion paper on macro hedge accounting is expected soon.</p> <p>Web-links to relevant documents:</p>	<p>Web-links to relevant documents:</p>

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6. Strengthening adherence to international financial standards						
30 (32)	(Lon)	<p>Adherence to international prudential regulatory and supervisory standards, as well as agreeing to undergo FSAP/ FSB periodic peer reviews</p> <p>(Note) Please try to prioritise any major initiatives conducted specifically in your jurisdiction</p>	<p>We are committed to strengthened adherence to international prudential regulatory and supervisory standards.</p> <p>FSB members commit to pursue the maintenance of financial stability, enhance the openness and transparency of the financial sector, implement international financial standards, and agree to undergo periodic peer reviews, using among other evidence IMF / World Bank FSAP reports.</p>	Ongoing	<p>Implementation ongoing:</p> <p><input type="checkbox"/> Draft regulations/guidelines being developed, expected publication by</p> <p><input type="checkbox"/> Draft regulations/guidelines published as of</p> <p><input type="checkbox"/> Final rules expected to be in force by</p> <p><input type="checkbox"/> Others, please specify:</p> <p><input checked="" type="checkbox"/> Completed as of</p> <p>Overview (short description) of action(s) taken:</p> <p>Web-links to relevant documents:</p> <p>The UK authorities have been supportive of efforts by the IMF, FSB and the sector standard setters to improve the international mechanisms for monitoring (and challenging) compliance with internationally agreed codes and standards. Staff from the UK authorities have been active participants in various FSB thematic and country reviews over the past two years and in the FSAP process</p> <p>In 2012, the UK successfully underwent a</p>	<p>Planned actions (if any):</p> <p>This FSAP was a useful exercise, coming at an important juncture given proposed changes to the UK's regulatory structure. The UK authorities are considering carefully the IMF's 84 recommendations in the process of designing the PRA and FCA operating models.</p> <p>Expected commencement date:</p> <p>Web-links to relevant documents:</p>

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					full IMF FSAP review, covering soundness of the UK financial sector, quality of supervision measured against international standards, and effectiveness of the crisis management framework. The IMF undertook the main components of its review during the first half of 2011, including two intensive on-site visits to the FSA. The IMF concluded that the financial sector is increasingly resilient through ongoing balance-sheet repair but remained fragile; the FSA reforms to enhance supervision of the largest firms were the right ones, but further work was needed to fully embed those; and that the crisis management framework for banks represented international best practice.	
7. Enhancing risk management						
31 (4)	(WAP)	Enhancing guidance to strengthen banks' risk management practices	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	Ongoing	Implementation ongoing: <input type="checkbox"/> Draft regulations/guidelines being developed, expected publication by <input type="checkbox"/> Draft regulations/guidelines published as of <input type="checkbox"/> Final rules expected to be in force by <input type="checkbox"/> Others, please specify: <input type="checkbox"/> Completed as of	Planned actions (if any): In 2012/13 all prudential supervisors (at the FSA) will use Business Model Analysis (BMA) as a key part of a judgements-based supervisory approach. BMA looks at the design and execution of a firm's business model, how it makes profits, cash and capital, and the main threats to its viability and sustainability, including the external macroeconomic and business environment.

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			strengthened policies for sound risk management.		<p>Overview (short description) of action(s) taken: The FSA has been closely associated with various international work streams that aim to review and promote good risk management practice at firms and enhanced supervisory standards among regulators - including via the work of the Basel Committee, the Senior Supervisors Group and the Supervisory and Effectiveness (SIE) Group of the Financial Stability Board.</p> <p>A range of measures have been adopted since 2009 in the UK to promote better risk management. These include but are not limited to (i) improving operational resilience (e.g. the Market-Wide Exercise) intended to test the financial system's ability to respond to disruption; (ii) work by the FSA to assess the effectiveness of internal audit functions at the largest deposit takers; (iii) introducing and enhancing the FSA's Remuneration Code; (iv) developing recovery and resolution plans for the largest deposit takers; (v) strengthening corporate governance (including the FSA's response to the Walker Review and its more 'intrusive and competency based interviews' in respect of Significant Influence Functions); and publication of guidelines for 'Enhancing Frameworks in the Standardised Approach to Operational</p>	<p>Expected commencement date:</p> <p>Web-links to relevant documents:</p>

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					Risk. Web-links to relevant documents: http://www.fsa.gov.uk/library/corporate/annual/ar10_11.shtml	
32 (4)	(FSF 2009)	Validation of adequacy of banks' capital buffers	1.4 Supervisors should use the BCBS enhanced stress testing practices as a critical part of the Pillar 2 supervisory review process to validate the adequacy of banks' capital buffers above the minimum regulatory capital requirement.	Ongoing	Implementation ongoing: <input type="checkbox"/> Draft regulations/guidelines being developed, expected publication by <input type="checkbox"/> Draft regulations/guidelines published as of <input type="checkbox"/> Final rules expected to be in force by <input type="checkbox"/> Others, please specify: <input checked="" type="checkbox"/> Completed as of end 2010 Overview (short description) of action(s) taken: The FSA's implements this point through its application of Capital Planning Buffers, which all firms have to calculate based on forward-looking assessment of their business plan. Web-links to relevant documents:	Planned actions (if any): Expected commencement date: Web-links to relevant documents:

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33 (4)	(FSF 2008)	Monitoring the implementation of updated guidance on liquidity risk	II.10 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.	Ongoing	<p>Implementation ongoing:</p> <p><input type="checkbox"/> Draft regulations/guidelines being developed, expected publication by</p> <p><input type="checkbox"/> Draft regulations/guidelines published as of</p> <p><input type="checkbox"/> Final rules expected to be in force by</p> <p><input type="checkbox"/> Others, please specify:</p> <p><input checked="" type="checkbox"/> Completed as of 1 December 2009</p> <p>Overview (short description) of action(s) taken: The UK introduced a new liquidity regime from December 2009 in response to the crisis and ahead of BCBS agreeing a package of liquidity measures. The FSA's liquidity regime includes measures which implement the BCBS's guidance on the management and supervision of liquidity. Liquidity supervision was identified as a key area by the Turner Review (2009); UK bank supervisors have therefore continued to give this area significant attention and have developed considerable experience in this area. The FSA will continue to roll out its liquidity regime to firms, including through its supervisory liquidity review process and the issuing of individual liquidity guidance to firms.</p>	<p>Planned actions (if any): The FSA will continue to implement its liquidity regime until the European Liquidity Standards commence. It is proposed that the European liquidity standards will be set out as regulations (as part of the CRD4 legislative proposal) and their earliest commencement date would be 1 January 2015. In line with the rest of the EU, the UK will modify its regime to comply with the CRD4 requirements. The CRD4 proposals are currently progressing through the European legislative process.</p> <p>Expected commencement date: 1 January 2015</p> <p>Web-links to relevant documents: The European Commission has published a proposed legislative package on its website. http://ec.europa.eu/internal_market/bank/regcapital/index_en.htm</p>

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					<p>Web-links to relevant documents:</p> <p>The associated liquidity reporting requirements form part of the integrated regulatory reporting requirements set out in the FSA Supervision manual at SUP 16.12 http://fsahandbook.info/FSA/html/handbook/SUP/16/12</p>	
34 (4)	(FSB 2009)	Enhancing banks' operations in foreign currency funding markets	Regulators and supervisors in emerging markets will enhance their supervision of banks' operation in foreign currency funding markets.	Ongoing	<p>Implementation ongoing:</p> <p><input type="checkbox"/> Draft regulations/guidelines being developed, expected publication by</p> <p><input type="checkbox"/> Draft regulations/guidelines published as of</p> <p><input type="checkbox"/> Final rules expected to be in force by</p> <p><input type="checkbox"/> Others, please specify:</p> <p><input type="checkbox"/> Completed as of</p> <p>Overview (short description) of action(s) taken: THIS ACTION IS ADDRESSED TO EMERGING MARKETS</p> <p>Web-links to relevant documents:</p>	<p>Planned actions (if any):</p> <p>Expected commencement date:</p> <p>Web-links to relevant documents:</p>

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35 (39)	(Pitts)	Robust, transparent stress test	We commit to conduct robust, transparent stress tests as needed.	Ongoing	<p>Implementation ongoing:</p> <p><input type="checkbox"/> Draft regulations/guidelines being developed, expected publication by</p> <p><input type="checkbox"/> Draft regulations/guidelines published as of</p> <p><input type="checkbox"/> Final rules expected to be in force by</p> <p><input type="checkbox"/> Others, please specify:</p> <p><input checked="" type="checkbox"/> Completed as of</p> <p>Overview (short description) of action(s) taken: In October 2008, in response to the financial crisis, the FSA introduced an interim capital framework to underpin the UK bank recapitalisation programme. The framework was introduced to ensure that bank capital ratios were sufficiently high to provide a buffer to allow them to withstand continued challenging economic conditions. During 2010/11, the FSA devoted significant supervisory effort to making sure that banks properly complied with this regime. It did this through regulatory stress testing of the adequacy of firms' capital and the consequent setting of capital buffers – an integral part of prudential oversight in the UK since the Capital Requirements Directive (CRD) was introduced in 2007.</p>	<p>Planned actions (if any): Regular supervisory stress-testing of SIFIs in the normal supervisory capital assessment cycle.</p> <p>Expected commencement date:</p> <p>Web-links to relevant documents: http://www.fsa.gov.uk/library/policy/policy/2010/10_14.shtml</p>

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					<p>The FSA integrated approach to stress testing comprises three interlinked and mutually reinforcing elements:</p> <ul style="list-style-type: none"> • firms' own stress testing; • our stress testing of specific firms; and • simultaneous system-wide stress testing undertaken by firms or supervisors using a common scenario for financial stability purposes. <p>The FSA's Policy Statement, PS10/14: Capital planning buffers (Feedback on CP09/30 and final rules), published in September 2010, focused on the first of these – firms' own stress testing (which may at times be informed by supervisory stress testing), specifically on the firm-wide stress under Pillar 2. Firms are required to stress test individual risks on a standalone basis. In a firm-wide stress test, these individual components are then stressed collectively to assess how the firm would fare in severe adverse conditions.</p> <p>PS10/14 reassures firms, their boards and auditors that the capital planning buffers set under Pillar 2B are not part of the adequate financial resources, defined by Individual Capital Guidance, that firms must hold at all</p>	

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					<p>times. Rather, the capital planning buffer can be used in adverse circumstances outside of the firm's normal and direct control.</p> <p>The FSA clarified this and our overall policy in PS10/14, including making some minor changes to its Handbook.</p> <p>Web-links to relevant documents: http://www.fsa.gov.uk/pubs/annual/ar10_11/ar10_11.pdf (see p27)</p>	
36 (40)	(Pitts)	Efforts to deal with impaired assets and raise additional capital	Our efforts to deal with impaired assets and to encourage the raising of additional capital must continue, where needed.	Ongoing	<p>Implementation ongoing:</p> <p><input type="checkbox"/> Draft regulations/guidelines being developed, expected publication by</p> <p><input type="checkbox"/> Draft regulations/guidelines published as of</p> <p><input type="checkbox"/> Final rules expected to be in force by</p> <p><input type="checkbox"/> Others, please specify:</p> <p><input type="checkbox"/> Completed as of</p> <p>Overview (short description) of action(s) taken: The Bank of England's Financial Policy Committee has advised banks to limit distributions and raise external capital as early as feasible in order to improve</p>	<p>Planned actions (if any):</p> <p>Expected commencement date:</p> <p>Web-links to relevant documents:</p>

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					<p>financial system resilience but without potentially harmful deleveraging.</p> <p>In October 2011, the European Banking Authority (EBA) published measures to strengthen banks' capital positions. The EBA required the EU's largest banks to have a Core Tier 1 ratio of 9% by the end of June 2012. To reach this target banks will be expected to with-hold dividends and bonuses. The Core Tier 1 measure can be met only with capital of the highest quality.</p> <p>The FSA will continue to engage in the stress testing of banks and building societies against its interim capital framework.</p> <p>Web-links to relevant documents: http://www.bankofengland.co.uk/publications/Documents/records/fpc/pdf/2012/record1203.pdf http://www.bankofengland.co.uk/publications/Documents/records/fpc/pdf/2011/record1112.pdf http://eba.europa.eu/News--Communications/Year/2011/The-EBA-details-the-EU-measures-to-restore-confide.aspx</p>	

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37 (41)	(WAP)	Enhanced risk disclosures by financial institutions	Financial institutions should provide enhanced risk disclosures in their reporting and disclose all losses on an ongoing basis, consistent with international best practice, as appropriate.	Ongoing	<p>Implementation ongoing:</p> <input type="checkbox"/> Draft regulations/guidelines being developed, expected publication by <input type="checkbox"/> Draft regulations/guidelines published as of <input type="checkbox"/> Final rules expected to be in force by <input type="checkbox"/> Others, please specify: <input type="checkbox"/> Completed as of <p>Overview (short description) of action(s) taken: In June 2011, the UK's interim Financial Policy Committee recommended that the FSA "to ensure that improved disclosure of sovereign and banking sector exposures by major UK banks becomes a permanent part of their reporting framework, and to work with the FPC to consider further extensions of disclosure in the future". The FSA is currently taking forward this recommendation</p> <p>Web-links to relevant documents:</p>	<p>Planned actions (if any):</p> <p>Expected commencement date:</p> <p>Web-links to relevant documents:</p>

# (# in brackets are from 2011 template)	G20/FSB Recommendations		Deadline	Progress to Date	Planned Next Steps
8. Strengthening deposit insurance					
38 (42)	(FSF 2008)	Review of national deposit insurance arrangements	VI.9 National deposit insurance arrangements should be reviewed against the agreed international principles, and authorities should strengthen arrangements where needed.	Ongoing	<p>No response required for this survey.</p> <p>Please refer to peer review report on deposit insurance systems published in February 2012, available at: http://www.financialstabilityboard.org/publications/r_120208.pdf</p>
9. Safeguarding the integrity and efficiency of financial markets					
39 (new)	(Cannes)	Market integrity and efficiency	We must ensure that markets serve efficient allocation of investments and savings in our economies and do not pose risks to financial stability. To this end, we commit to implement initial recommendations by IOSCO on market integrity and efficiency, including measures to address the risks posed by	Ongoing	<p>Implementation ongoing:</p> <p><input type="checkbox"/> Draft regulations/guidelines being developed, expected publication by</p> <p><input type="checkbox"/> Draft regulations/guidelines published as of</p> <p><input type="checkbox"/> Final rules expected to be in force by</p> <p><input checked="" type="checkbox"/> Others, please specify: Supervisory action ongoing to address any shortfalls with respect to Recommendation 2.</p> <p><input type="checkbox"/> Completed as of</p> <p>Overview (short description) of action(s) taken:</p> <p>Planned actions (if any):</p> <p>Expected commencement date:</p> <p>Web-links to relevant documents:</p>

# (# in brackets are from 2011 template)	G20/FSB Recommendations			Deadline	Progress to Date	Planned Next Steps
			high frequency trading and dark liquidity, and call for further work by mid-2012.		<p>Recommendations 1 and 3 in IOSCO's Final Report on "Regulatory Issues Raised by the Impact of Technological Changes on Market Integrity and Efficiency" are already specifically covered by UK regulatory requirements (through the provisions of MiFID and ESMA's Guidelines on systems and controls in an automated trading environment). Recommendations 4 and 5 have been undertaken on an ongoing basis by the FSA for many years, most notably in collaboration with other competent authorities through the auspices of CESR/ESMA and IOSCO. With respect to Recommendation 2, the FSA is organising a review of the Regulated Markets and MTFs in the UK (of which there are c.80) to determine to what extent they all have appropriate control mechanisms in place to deal with volatile market conditions.</p> <p>Web-links to relevant documents:</p>	
40 (new)	(Cannes)	Enhanced market transparency in commodity markets	We need to ensure enhanced market transparency, both on cash and financial commodity markets, including OTC, and achieve appropriate	Ongoing	<p>Implementation ongoing:</p> <input type="checkbox"/> Draft regulations/guidelines being developed, expected publication by <input type="checkbox"/> Draft regulations/guidelines published as of <input checked="" type="checkbox"/> Final rules expected to be in force by MiFID2	<p>Planned actions (if any):</p> <p>Expected commencement date:</p> <p>Web-links to relevant documents:</p>

# (# in brackets are from 2011 template)	G20/FSB Recommendations		Deadline	Progress to Date	Planned Next Steps
		<p>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</p>		<p><input type="checkbox"/> Others, please specify:</p> <p><input type="checkbox"/> Completed as of</p> <p>Overview (short description) of action(s) taken: Current FSA regulation covers on-exchange financial commodity market transparency and position management authorities through its regulation of commodity exchanges within its jurisdiction. Aggregated disclosure occurs on a voluntary basis.</p> <p>Large position reporting is currently not covered by regulation but occurs on a voluntary basis. This will be mandatory with the introduction of MIFID 2. New regulations on position limits will also be covered by MIFID2.</p> <p>OTC transparency will be covered by European legislation EMIR which will come into force at the end of 2012.</p> <p>Web-links to relevant documents:</p>	

# (# in brackets are from 2011 template)	G20/FSB Recommendations		Deadline	Progress to Date	Planned Next Steps	
10. Enhancing consumer protection						
41 (new)	(Cannes)	Financial consumer protection	We agree that integration of financial consumer protection policies into regulatory and supervisory frameworks contributes to strengthening financial stability, endorse the FSB report on consumer finance protection and the high level principles on financial consumer protection prepared by the OECD together with the FSB. We will pursue the full application of these principles in our jurisdictions.	Ongoing	<p>Implementation ongoing:</p> <input type="checkbox"/> Draft regulations/guidelines being developed, expected publication by <input type="checkbox"/> Draft regulations/guidelines published as of <input type="checkbox"/> Final rules expected to be in force by	<p>Planned actions (if any):</p> <p>UK authorities are participating in the OECD Task Force on Financial Consumer Protection which has agreed to develop effective approaches for the implementation of the G20 High Level Principles on Financial Consumer Protection.</p> <p>UK is also participating in the International Financial Consumer Protection Network (FinCoNet) which is a global body of market conduct supervisors which intends to contribute to global financial consumer protection efforts.</p> <p>Expected commencement date: Ongoing</p> <p>Web-links to relevant documents:</p>

Origin of recommendations:

Cannes: The Cannes Summit Final Declaration (3-4 November 2011)

Seoul: The Seoul Summit Document (11-12 November 2010)

Pitts: Leaders' Statement at the Pittsburgh Summit (25 September 2009)

Lon: The London Summit Declaration on Strengthening the Financial System (2 April 2009)

Tor: The G-20 Toronto Summit Declaration (26-27 June 2010)

WAP: The Washington Summit Action Plan to Implement Principles for Reform (15 November 2008)

FSF 2008: The FSF Report on Enhancing Market and Institutional Resilience (7 April 2008)

FSF 2009: The FSF Report on Addressing Procyclicality in the Financial System (2 April 2009)

FSB 2009: The FSB Report on Improving Financial Regulation (25 September 2009)

Index of acronyms

Example:

FSB: Financial Stability Board