Jurisdiction : **UNITED KINGDOM**

2013 IMN Survey of National Progress in the Implementation of G20/FSB Recommendations

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
I.	**Refining the regulatory perimeter**				
1 (2) (1)	Review of the boundaries of the regulatory framework including strengthening of oversight of shadow banking	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. (London) We agree to strengthen the regulation and oversight of the shadow banking system.[1] (Cannes)	Jurisdictions should indicate the steps taken to expand the domestic regulatory framework to previously unregulated entities, for example, non-bank financial institutions (e.g. finance companies, mortgage insurance companies, credit hedge funds) and conduits/SIVs etc. Jurisdictions should indicate policy measures to strengthen the regulation and oversight of the shadow banking system. See, for reference, the recommendations discussed in section 2 of the October 2011 FSB report*: Shadow Banking: Strengthening Oversight and Regulation*.	Implementation ongoing or completed ***If " Not applicable " or "Applicable but no action envisaged …" has been selected, please provide a brief justification:*** **Issue is being addressed through :** ☐ Primary / Secondary legislation ☐ Regulation /Guidelines ☒ Other actions (such as supervisory actions), please specify: **Status of progress :** ☒ Reform effective (completed) as of: Review completed as a consequence of the Turner Review (2009) Supervisory action taken in respect of SIVs and conduits during crisis. FPC (on a statutory basis from 2013) can make recommendation to Treasury regarding the regulatory perimeter. The FPC may also make recommendations to the PRA and the FCA for entities within the regulatory perimeter. The Bank of England, PRA and FCA (amongst other bodies) have statutory responsibilities to ensure financial stability. **Short description of the content of the**	**Planned actions (if any):** Given the cross-border, cross-sector nature of shadow banking, the UK authorities will continue to work with EU and international colleagues – including in the FSB, BCBS and IOSCO – to ensure that action is taken to balance the risks arising from particular types of shadow banking activity with a proportionate regulatory response. **Expected commencement date:** **Web-links to relevant documents:**

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

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				legislation/ regulation/guideline: The Financial Services Act gives the Bank of England's Financial Policy Committee (FPC) the ability to make recommendations to HM Treasury regarding the boundary between regulated and non-regulated sectors of the UK financial system — the regulatory perimeter. An activity might be brought into the perimeter in support of the FPC's systemic risk objective where it is associated with the provision of key financial services. A box in the Bank's Nov 2012 Financial Stability Report described how systemic risk can arise outside the current regulated sector and how the FPC might exercise its powers in relation to the regulatory perimeter to mitigate these risks. Link (page 58): http://www.bankofengland.co.uk/publications/Documents/fsr/2012/fsrfull1211.pdf This work is also drawing heavily on analysis by the FSB, IOSCO, BCBS and the EU Commission on shadow banks and other non-bank financials. **Web-links to relevant documents:**	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
II.	**Hedge funds**				
2 (3)	Registration, appropriate disclosures and oversight of hedge funds	We also firmly recommitted to work in an internationally consistent and non-discriminatory manner to strengthen regulation and supervision on hedge funds …(Seoul) Hedge funds or their managers will be registered and will be required to disclose appropriate information on an ongoing basis to supervisors or regulators, including on their leverage, necessary for assessment of the systemic risks they pose individually or collectively. Where appropriate registration should be subject to a minimum size. They will be subject to oversight to ensure that they have adequate risk management. (London)	Jurisdictions should indicate the progress made in implementing the high level principles contained in IOSCO's *Report on Hedge Fund Oversight (Jun 2009)* that inter-alia included mandatory registration and on-going regulatory requirements such as disclosure to investors.	[No response] ***If " Not applicable " or "Applicable but no action envisaged …" has been selected, please provide a brief justification:*** **Issue is being addressed through :** ☐ Primary / Secondary legislation ☐ Regulation /Guidelines ☐ Other actions (such as supervisory actions), please specify: **Status of progress :** [No response] **Short description of the content of the legislation/ regulation/guideline:** Hedge fund managers are already subject to supervision by the FCA. In addition, the FCA (following the FSA) undertakes a biannual survey of hedge fund managers (comprising 50 of the largest UK-based managers) to help assess potential systemic risks to financial stability from hedge funds. Survey data is used to examine in particular: - the size of funds' 'footprints' in the market, including measures of leverage and risk; - the scale of any asset/liability	**Planned actions (if any):** **Expected commencement date:** **Web-links to relevant documents:**

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				mismatch; - substantial market or asset class concentration and liquidity issues; and - credit counterparty risks between hedge funds and other market participants. Within the EU, the Alternative Investment Fund Managers Directive (AIFMD) requires substantially more transparency to be provided by hedge fund managers (and other non-UCIT fund managers) on their hedge funds. **Web-links to relevant documents:**	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
3 (4)	Establishment of international information sharing framework	We ask the FSB to develop mechanisms for cooperation and information sharing between relevant authorities in order to ensure effective oversight is maintained when a fund is located in a different jurisdiction from the manager. We will, cooperating through the FSB, develop measures that implement these principles by the end of 2009. (London)	Jurisdictions should indicate the progress made in implementing the high level principles in IOSCO's *Report on Hedge Fund Oversight (Jun 2009)* on sharing information to facilitate the oversight of globally active fund managers.	Implementation ongoing or completed ***If " Not applicable " or "Applicable but no action envisaged …" has been selected, please provide a brief justification:*** **Issue is being addressed through :** ☐ Primary / Secondary legislation ☐ Regulation /Guidelines ☐ Other actions (such as supervisory actions), please specify: **Status of progress :** [No response] **Short description of the content of the legislation/ regulation/guideline:** The FCA has an extensive set of information sharing gateways which can be used to facilitate information exchange with other regulatory authorities in respect of regulated asset managers (including hedge fund managers). In the international space, the FCA is involved with IOSCO and the sharing of aggregated hedge fund data across global jurisdictions with other regulators. **Web-links to relevant documents:**	**Planned actions (if any):** **Expected commencement date:** **Web-links to relevant documents:**

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
4 (5) (6)	Enhancing counterparty risk management	Supervisors should require that institutions which have hedge funds as their counterparties have effective risk management, including mechanisms to monitor the funds' leverage and set limits for single counterparty exposures. (London) Supervisors will strengthen their existing guidance on the management of exposures to leveraged counterparties. (Rec. II.17,FSF 2008)	Jurisdictions should indicate specific policy measures taken for enhancing counterparty risk management and strengthening their existing guidance on the management of exposure to leveraged counterparties. See, for reference, the following BCBS documents : • *Sound Practices for Banks' Interactions with Highly Leveraged Institutions (Jan 1999)* • *Banks' Interactions with Highly Leveraged Institutions (Jan 1999)* • *Basel III (June 2011) – relevant references to counterparty credit risk standards*	Implementation ongoing or completed ***If " Not applicable " or "Applicable but no action envisaged …" has been selected, please provide a brief justification:*** **Issue is being addressed through :** ☐ Primary / Secondary legislation ☐ Regulation /Guidelines ☒ Other actions (such as supervisory actions), please specify: **Status of progress :** [No response] **Short description of the content of the legislation/ regulation/guideline:** The FSA had for several 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, now performed by the PRA, is used alongside other supervisory tools to enable supervisors to identify exposures which might give rise to concern and to assess the effectiveness of counterparty risk management. **Web-links to relevant documents:**	**Planned actions (if any):** The PRA will continue to develop the hedge fund as counterparty survey (which will take place on a semi-annual basis). **Expected commencement date:** **Web-links to relevant documents:**

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
III.	**Securitisation**				
5 (7) (8)	Improving the risk management of securitisation	During 2010, supervisors and regulators will: • implement IOSCO's proposals to strengthen practices in securitisation markets. (FSB 2009) The BCBS and authorities should take forward work on improving incentives for risk management of securitisation, including considering due diligence and quantitative retention requirements by 2010. (London) Securitization sponsors or originators should retain a part of the risk of the underlying assets, thus encouraging them to act prudently. (Pittsburgh)	Jurisdictions should indicate the progress made in implementing the recommendations contained in: • IOSCO's *Report on Global Developments in Securitisation Regulation (Nov 2012)* including justification for any exemptions to IOSCO requirements; and • BCBS's Basel 2.5 standards on exposures to securitisations (Jul 2009), http://www.bis.org/publ/bcbs157.pdf and http://www.bis.org/publ/bcbs158.pdf	Implementation ongoing or completed ***If " Not applicable " or "Applicable but no action envisaged …" has been selected, please provide a brief justification:*** **Issue is being addressed through :** ☒ Primary / Secondary legislation ☐ Regulation /Guidelines ☐ Other actions (such as supervisory actions), please specify: **Status of progress :** ☒ Reform effective (completed) as of: End 2010 **Short description of the content of the legislation/ regulation/guideline:** The UK's implementation of the CRD2 securitisation requirements (through section BIPRU 9.15 of the PRA handbook) came into force on 31 December 2010. **Web-links to relevant documents:** http://fshandbook.info/FS/html/PRA/BIPRU/9/15	**Planned actions (if any):** **Expected commencement date:** **Web-links to relevant documents:**

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
6 (9)	Strengthening of regulatory and capital framework for monolines	Insurance supervisors should strengthen the regulatory and capital framework for monoline insurers in relation to structured credit. (Rec II.8 ,FSF 2008)	Jurisdictions should indicate the policy measures taken for strengthening the regulatory and capital framework for monolines. See, for reference, the following principles issued by IAIS: • ICP 13 – Reinsurance and Other Forms of Risk Transfer • ICP 15 – Investments, and • ICP 17 - Capital Adequacy. Jurisdictions may also refer to the IAIS Guidance paper on enterprise risk management for capital adequacy and solvency purposes (Oct 2008).	Implementation ongoing or completed ***If " Not applicable " or "Applicable but no action envisaged …" has been selected, please provide a brief justification:*** ☐ Implementation ongoing or completed: **Issue is being addressed through :** ☒ Primary / Secondary legislation ☐ Regulation /Guidelines ☐ Other actions (such as supervisory actions), please specify: **Status of progress :** ☒ Draft in preparation, expected publication by: The Solvency 2 Directive is not yet implemented and is being amended by the Omnibus II Directive, expected to be adopted by early 2014. An implementation timetable has not yet been finalised. **Short description of the content of the legislation/ regulation/guideline:** If and as monolines reactivate, the PRA will review 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. Reactivating firms will also be	**Planned actions (if any):** **Expected commencement date:** **Web-links to relevant documents:**

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				expected to develop their internal models ready for approval on implementation of Solvency 2. **Web-links to relevant documents:**	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
7 (10)	Strengthening of supervisory requirements or best practices for investment in structured products	Regulators of institutional investors should strengthen the requirements or best practices for firms' processes for investment in structured products. (Rec II.18 ,FSF 2008)	Jurisdictions should indicate the policy measures taken for strengthening best practices for investment in structured product. See, for reference, the principles contained in IOSCO's report on *Good Practices in Relation to Investment Managers´ Due Diligence When Investing in Structured Finance Instruments (Jul 2009)* and *Suitability Requirements for Distribution of Complex Financial Products (Jan 2013).* Jurisdictions may also refer to the Joint Forum report on *Credit Risk Transfer-Developments from 2005-2007 (Jul 2008).*	Implementation ongoing or completed ***If " Not applicable " or "Applicable but no action envisaged …" has been selected, please provide a brief justification:*** **Issue is being addressed through :** ☒ Primary / Secondary legislation ☐ Regulation /Guidelines ☐ Other actions (such as supervisory actions), please specify: **Status of progress :** ☒ Reform effective (completed) as of: CRD amendments – end 2010, see European Commission response. **Short description of the content of the legislation/ regulation/guideline:** The Basel Committee adopted revisions to the Basel II framework to strengthen the requirements for investors in securitisation. CRD2 (implementing Basel 2.5 in the EU) contained detailed proposals in this area. These amendments came into force on 31st Dec 2010, and are implemented in the UK through BIPRU 9.15. The FCA is concerned that increasing product complexity is placing a strain on firms' systems and controls. Previous supervisory work has also identified a	**Planned actions (if any):** **Expected commencement date:** **Web-links to relevant documents:**

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				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. **Web-links to relevant documents:** Finalised Guidance FG12/9 (http://www.fca.org.uk/your-fca/documents/finalised-guidance/fsa-fg129	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
8 (11)	Enhanced disclosure of securitised products	Securities market regulators should work with market participants to expand information on securitised products and their underlying assets. (Rec. III.10-III.13, FSF 2008)	Jurisdictions should indicate the policy measures taken for enhancing disclosure of securitised products. See, for reference, IOSCO's *Report on Principles for Ongoing Disclosure for Asset-Backed Securities (Nov 2012)* *that* complements IOSCO's *Disclosure Principles for Public Offerings and Listings of Asset-Backed Securities (Apr 2010)*.	Implementation ongoing or completed ***If " Not applicable " or "Applicable but no action envisaged …" has been selected, please provide a brief justification:*** **Issue is being addressed through :** ☒ Primary / Secondary legislation ☐ Regulation /Guidelines ☐ Other actions (such as supervisory actions), please specify: **Status of progress :** ☒ Reform effective (completed) as of: end 2010 re CRD amendments – see European Commission submission. **Short description of the content of the legislation/ regulation/guideline:** The Basel Committee adopted revisions to the Basel II framework to strengthen the requirements for investors in securitisation. CRD2 (implementing Basel 2.5 in the EU) contained detailed proposals in this area. These amendments came into force on 31st Dec 2010, and are implemented in the UK through BIPRU 9.15 **Web-links to relevant documents:**	**Planned actions (if any):** **Expected commencement date:** **Web-links to relevant documents:**

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
IV.	**Enhancing supervision**				
9 (12)	Consistent, consolidated supervision and regulation of SIFIs	All firms whose failure could pose a risk to financial stability must be subject to consistent, consolidated supervision and regulation with high standards. (Pittsburgh)	Jurisdictions should indicate the policy measures taken for implementing consistent, consolidated supervision and regulation of SIFIs.[2] See, for reference, the following documents: Joint Forum: • *Principles for the supervision of financial conglomerates (Sep 2012)* BCBS: • *Framework for G-SIBs (Nov 2011)* • *Framework for D-SIBs (Oct 2012)* • *BCP 12 (Sep 2012)* IAIS: • *ICP 23* – Group wide supervision FSB: • *Framework for addressing SIFIs (Nov 2011)*	Implementation ongoing or completed ***If " Not applicable " or "Applicable but no action envisaged …" has been selected, please provide a brief justification:*** **Issue is being addressed through :** ☒ Primary / Secondary legislation ☒ Regulation /Guidelines ☐ Other actions (such as supervisory actions), please specify: **Status of progress :** ☒ Reform effective (completed) as of: pre crisis - consolidated supervision a long-term UK approach to supervision. **Short description of the content of the legislation/ regulation/guideline:** The PRA exercises group-wide supervision on a sectoral and cross-sectoral (financial conglomerate) basis in accordance with relevant EU Directives and with the principles set by the international standard setting bodies, namely BCBS core principle 12, IAIS core principle 23 and the Joint Forum principles for supervision of financial	**Planned actions (if any):** **Global systemically-important banks (G-SIBs):** The EBA will develop draft technical standards to specify precisely the methodology used to identify and impose additional common equity tier 1 capital on G-SIBs by end-June 2014. The PRA will implement a capital surcharge framework for systemic banks consistent with the CRD4 and these standards. **D-SIBs**: in accordance with CRD4, the UK will identify other systemically important institutions by 1 January 2016. **Expected commencement date:** G-SIBs/D-SIBs: CRD4 specifies these will apply from 2016. **Global systemically important insurers (G-SIIs):** the UK authorities will continue to work actively within the FSB and the IAIS to develop internationally-agreed policy measures applicable to G-SIIs. Two UK based insurance groups have been identified and included as part

[2] The scope of the follow-up to this recommendation will be revised once the monitoring framework on policy measures for G-SIFIs, which is one of the designated priority areas under the CFIM, is established.

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				conglomerates. With regard to financial conglomerates, the PRA is currently in the process of implementing amended EU requirements aimed at enhancing efficiency and cooperation in the supervision of large complex financial groups thus supporting the PRA's general objective to promote the safety and soundness of the financial system. The PRA's rules on group-wide supervision are contained in the BIPRU 8 for banking and investment firm groups, INSPRU 6 for insurance groups and GENPRU 3 for financial conglomerates (See PRA Handbook).The CRD4 (i.e. the EU implementation of Basel III) includes a requirement on member states to identify and impose additional common equity tier 1 capital on G-SIBs and other systemically important institutions (e.g. D-SIBs). **Web-links to relevant documents:**	of the FSB's initial set of G-SIIs. **Web-links to relevant documents:** Framework for G-SIBs (updated July 2013): http://www.bis.org/publ/bcbs255.htm For framework relating to G-SIIs see: http://www.financialstabilityboard.org/press/pr_130718.pdf

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
10 (13) (14)	Establishing supervisory colleges and conducting risk assessments	To establish the remaining supervisory colleges for significant cross-border firms by June 2009. (London) We agreed to conduct rigorous risk assessment on these firms through international supervisory colleges …(Seoul)	Reporting in this area should be undertaken solely by home jurisdictions of significant cross-border firms. Relevant jurisdictions should indicate the steps taken and status of establishing remaining supervisory colleges and conducting risk assessments. See, for reference, the following documents: BCBS: • *Good practice principles on supervisory colleges (Oct 2010)* • *Report and recommendations on cross-border bank resolution (Mar 2010)* IOSCO: • *Principles Regarding Cross-Border Supervisory Cooperation (May 2010)* IAIS : • *ICP 25 and Guidance 25.1.1 – 25.1.6 on establishment of supervisory colleges* • *Guidance 25.6.20 and 25.8.16 on risk assessments by supervisory colleges*	Implementation ongoing or completed ***If " Not applicable " or "Applicable but no action envisaged …" has been selected, please provide a brief justification:*** **Issue is being addressed through :** ☒ Primary / Secondary legislation ☐ Regulation /Guidelines ☒ Other actions (such as supervisory actions), please specify: **Status of progress :** ☒ Reform effective (completed) as of: The FSA had established college arrangements for its major cross-border firms by the deadline set by the G20 (mid 2009). Subsequently, the college arrangements for UK banks and insurers have been widened and deepened in response to EU requirements in this area and other supervisory needs. **Short description of the content of the legislation/ regulation/guideline:** The FSA established colleges for all its major cross-border firms in line with agreed Basel and IAIS guidance on colleges and the more detailed European college requirements. In addition, the FSA participated in colleges for many firms that are active in the UK. College	**Planned actions (if any):** The competent UK authorities will be implementing the Capital Requirements Directive (CRDIV) including those provisions relating to collaboration between home and host country states according to the timetable set down in the legislation. **Expected commencement date:** **Web-links to relevant documents:**

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				arrangements for cross-border banks and insurance companies have now transitioned to the PRA, although it will review the relevant agreements supporting colleges to ensure that these take appropriate account of the establishment of a new UK micro-prudential regulator. Through its college activity, the PRA seeks to develop a shared understanding of the relevant firm and how its risks are being mitigated, and may follow up with joint work with other supervisors to achieve its objectives. **Web-links to relevant documents:** A high-level summary of the PRA's approach to international regulation cooperation is included in section IV of the PRA's approach documents for banking and insurance (published January 2013), see: http://www.bankofengland.co.uk/publications/Documents/praapproach/bankingappr1304.pdf http://www.bankofengland.co.uk/publications/Documents/praapproach/insuranceappr1304.pdf	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
11 (15) New	Supervisory exchange of information and coordination	To quicken supervisory responsiveness to developments that have a common effect across a number of institutions, supervisory exchange of information and coordination in the development of best practice benchmarks should be improved at both national and international levels. (Rec V.7 , FSF 2008) Enhance the effectiveness of core supervisory colleges. (FSB 2012)	Jurisdictions should include any feedback received from recent FSAPs/ROSC assessments on the *October 2006* Basel Core Principle (BCP) 25 (Home-host relationships) or, if more recent, 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 regulatory, supervisory or legislative changes that will contribute to the sharing of supervisory information within core colleges (e.g. bilateral or multilateral MoUs).	Implementation ongoing or completed ***If " Not applicable " or "Applicable but no action envisaged …" has been selected, please provide a brief justification:*** **Issue is being addressed through :** ☐ Primary / Secondary legislation ☐ Regulation /Guidelines ☐ Other actions (such as supervisory actions), please specify: **Status of progress :** ☒ Reform effective (completed) as of: Extensive set of MoUs to support information exchange by 2010, although more work in train to supplement information sharing arrangements. **Short description of the content of the legislation/ regulation/guideline:** The FSA had formal information gateways in place to cover most key host relationship. These arrangements are being transitioned to the new regulatory authorities (the FCA and the PRA). Within the EU, the establishment of the European Supervisory Agencies (ESAs) (at the start of 2011) has reinforced the available mechanisms for cooperation and information exchange. **Web-links to relevant documents:**	**Planned actions (if any):** The PRA and FCA are constantly reviewing their information sharing arrangements to ensure that these appropriately reflect the new institutional structure of regulation in the UK and are fit-for-purpose. The PRA and FCA expect to continue to develop and widen their set of memoranda of understanding to ensure that they have workable gateways with relevant host supervisors. The PRA and FCA share and receive information about cross-border firms within the legal framework set by domestic and European legislation and where appropriate gateways exist. The competent UK authorities will be implementing the Capital Requirements Directive (CRDIV) including those provisions relating to collaboration between home and host country states according to the timetable set down in the legislation. **Expected commencement date:** **Web-links to relevant documents:**

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
12 (16) (17) New	Strengthening resources and effective supervision	We agreed that supervisors should have strong and unambiguous mandates, sufficient independence to act, appropriate resources, and a full suite of tools and powers to proactively identify and address risks, including regular stress testing and early intervention. (Seoul) Supervisors should see that they have the requisite resources and expertise to oversee the risks associated with financial innovation and to ensure that firms they supervise have the capacity to understand and manage the risks. (FSF 2008) Supervisory authorities should continually re-assess their resource needs; for example, interacting with and assessing Boards require particular skills, experience and adequate level of seniority. (Rec. 3, FSB 2012)	Jurisdictions should provide any feedback received from recent FSAPs/ROSC assessments on the [October 2006] BCPs 1 and 23 or, if more recent, the [September 2012] BCPs 1, 9 and 11. 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 the outcomes of the most recent assessment of resource needs (e.g. net increase in supervisors, skills acquired and sought). Please indicate when this assessment was most recently conducted and when the next assessment is expected to be conducted.	Implementation ongoing or completed ***If " Not applicable " or "Applicable but no action envisaged …" has been selected, please provide a brief justification:*** **Issue is being addressed through :** ☒ Primary / Secondary legislation ☐ Regulation /Guidelines ☒ Other actions (such as supervisory actions), please specify: via PRA supervisory action. **Status of progress :** ☒ Reform effective (completed) as of: New supervisory architecture and framework introduced April 2013. Major increase in front line supervisory resource from 2009. **Short description of the content of the legislation/ regulation/guideline:** See the Prudential Regulation Authority approach documents for banking and insurance for an outline of the UK's new micro-prudential regulatory framework for banks and insurance companies, which summarises the approach to the categorisation of firms and supervisory intensity in the context of the PRA's statutory objectives. The document also covers the PRA's engagement with firms (section IV) and the PRA's resources	**Planned actions (if any):** The UK authorities have been engaging with FSB colleagues during 2013 to take forward the FSB peer review of UK. This will provide an opportunity for the FSB to assess recent developments in UK regulation, particularly those which address issues raised by the IMF during its 2011 *Financial Sector Assessment Program* review of the UK. This will provide a useful source of feedback for the UK authorities. In addition, UK regulators will continue to work with colleagues in both global and EU fora to enhance supervisory practice by sharing experience of supervisory techniques. In this context, the FSB's Supervisory Intensity and Effectiveness work stream has proved a valuable mechanism for promoting collaboration. **Expected commencement date:** **Web-links to relevant documents:**

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				(section V) – see links below. The FCA is responsible for the prudential supervision of over 23,000 firms. While the PRA has prudential responsibility for all deposit takers, insurers and significant investment firms, the FCA is actually the prudential supervisor for firms in other sectors. The FCA's primary focus is to ensure that any firm failure is orderly by ensuring that customers' assets and money are protected and that a firm can be run down without adversely impacting customers and markets. Prudential supervision is carried out by a specialist team in the FCA but has multiple touch points throughout the firm evaluation process. Please see the Journey to the FCA document (link below) or the FCA's Approach to Advancing its Objectives document (link below) for more details. **Web-links to relevant documents:** http://www.bankofengland.co.uk/publications/Documents/praapproach/bankingappr1304.pdf http://www.bankofengland.co.uk/publications/Documents/praapproach/insuranceap	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				pr1304.pdf http://www.fca.org.uk/your-fca/documents/fsa-journey-to-the-fca http://www.fca.org.uk/your-fca/documents/approach-to-advancing-its-objectives	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
V.	**Building and implementing macroprudential frameworks and tools**				
13 (18) (19)	Establishing regulatory framework for macro-prudential oversight	Amend our regulatory systems to ensure authorities are able to identify and take account of macro-prudential risks across the financial system including in the case of regulated banks, shadow banks[3] and private pools of capital to limit the build up of systemic risk. (London) Ensure that national regulators possess the powers for gathering relevant information on all material financial institutions, markets and instruments in order to assess the potential for failure or severe stress to contribute to systemic risk. This will be done in close coordination at international level in order to achieve as much consistency as possible across jurisdictions. (London)	Please describe the systems, methodologies and processes that have been put in place to identify macroprudential risks, including the analysis of risk transmission channels. Please indicate whether an assessment has been conducted with respect to the powers to collect and share relevant information among different authorities – where this applies – on financial institutions, markets and instruments to assess the potential for systemic risk. Please indicate whether the assessment has indicated any gaps in the powers to collect information, and whether any follow-up actions have been taken.	Implementation ongoing or completed ***If " Not applicable " or "Applicable but no action envisaged …" has been selected, please provide a brief justification:*** **Issue is being addressed through :** ☒ Primary / Secondary legislation ☐ Regulation /Guidelines ☐ Other actions (such as supervisory actions), please specify: **Status of progress :** ☒ Reform effective (completed) as of: 1.4.2013 **Short description of the content of the legislation/ regulation/guideline:** The commencement of the Financial Services Act 2012 on 1 April 2013 implemented the Government's reforms to strengthen the financial regulatory structure in the UK. This legislation included the establishment, in statue, of a macroprudential authority, the Financial Policy Committee (FPC) within the Bank of England, to monitor and take action to mitigate systemic risks.	**Planned actions (if any):** **Expected commencement date:** **Web-links to relevant documents:**

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

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				In addition, the responsibility for prudential regulation of banks, insurers and major investment firms has been transferred to a new regulator, the Prudential Regulation Authority (PRA) as a subsidiary of the Bank of England. The PRA has information gathering powers as a result of the new legislation and is participating actively in the FSB's data gaps programme to ensure improved data utilisation. **Web-links to relevant documents:** The Financial Policy Committee: http://www.bankofengland.co.uk/financialstability/Pages/fpc/default.aspx The Financial Services Act 2012 and associated documentation: http://www.hm-treasury.gov.uk/fin_financial_services_bill.htm	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
14 (20) (21)	Enhancing system-wide monitoring and the use of macro-prudential instruments	Authorities should use quantitative indicators and/or constraints on leverage and margins as macro-prudential tools for supervisory purposes. Authorities should use quantitative indicators of leverage as guides for policy, both at the institution-specific and at the macro-prudential (system-wide) level…(Rec. 3.1, FSF 2009) We are developing macro-prudential policy frameworks and tools to limit the build-up of risks in the financial sector, building on the ongoing work of the FSB-BIS-IMF on this subject. (Cannes) Authorities should monitor substantial changes in asset prices and their implications for the macro economy and the financial system. (Washington)	Please describe major changes in the institutional arrangements for macroprudential policy that have taken place in the past two years, including changes in: i) mandates and objectives; ii) powers and instruments; iii) transparency and accountability arrangements; iv) composition and independence of the decision-making body; and v) mechanisms for domestic policy coordination and consistency. Please indicate the use of macroprudential tools in the past two years, including the objective for their use and the process used to select, calibrate, and apply them. See, for reference, the CGFS document on *Operationalising the selection and application of macroprudential instruments (Dec 2012)*. Jurisdictions can also refer to the FSB-IMF-BIS progress report to the G20 on *Macroprudential policy tools and frameworks (Oct 2011)*, and the IMF paper on *Macroprudential policy, an organizing framework (Mar 2011).*	Implementation ongoing or completed ***If " Not applicable " or "Applicable but no action envisaged …" has been selected, please provide a brief justification:*** **Issue is being addressed through :** ☒ Primary / Secondary legislation ☐ Regulation /Guidelines ☐ Other actions (such as supervisory actions), please specify: **Status of progress :** ☒ Reform effective (completed) as of: 1.4.2013 **Short description of the content of the legislation/ regulation/guideline:** Tools - The FPC will have two main sets of powers at its disposal, the power to Recommend, and the power to give Directions to regulators to adjust specific macroprudential tools. In particular the FPC has a special power to Recommend, on a comply or explain basis, to the regulators — the Prudential Regulation Authority (PRA) and the Financial Conduct Authority (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	**Planned actions (if any):** **Expected commencement date:** **Web-links to relevant documents:**

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				implement Recommendations made on a comply or explain basis, they are required by the legislation to explain publicly their reasons for not doing so. The FPC also has a broader power to make recommendations to any other persons. Regarding powers of Direction, the Government has proposed that the FPC should be made responsible for policy decisions on the Countercyclical Capital Buffer (CCB) and given powers of Direction over Sectoral Capital Requirements (SCRs). The Government has also stated its intention to provide the FPC with Direction powers over a time-varying leverage ratio tool, but no earlier than 2018 and subject to a review in 2017 to assess progress on international standards. The statutory Financial Policy Committee gained its powers over SCRs on 1 April 2013. Responsibility for setting the CCB will be assigned to the FPC via domestic implementation of the EU Capital Requirements Directive 4. Indicators - In a Draft Policy Statement published in January 2013 ahead of gaining its formal powers, the FPC stated that to support its macro-prudential judgements, it will monitor a wide and time-varying set of	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				metrics and information, including market and supervisory intelligence, and ‘stress tests’ of banking sector resilience. - The FPC also identified specific financial and economic indicators for the CCB and SCRs that it planned to routinely review. The intention is these will provide some consistency to FPC decision-making and give a basis for explaining the Committee’s decisions to an external audience, which should help to enhance the predictability of the regime. **Web-links to relevant documents:** More information on tools and indicators is available on the FPC website under: http://www.bankofengland.co.uk/financialstability/Pages/fpc/default.aspx	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
15 (22)	Improved cooperation between supervisors and central banks	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. (Rec. V.8 , FSF 2008)	Jurisdictions can make reference to the following BCBS documents: *I.* *Report and recommendations of the Cross-border Bank Resolution Group (Mar 2010)* *II.* *Good Practice Principles on Supervisory Colleges (Oct 2010)* *(Principles 2, 3 and 4 in particular)*	Implementation ongoing or completed ***If " Not applicable " or "Applicable but no action envisaged …" has been selected, please provide a brief justification:*** **Issue is being addressed through :** ☒ Primary / Secondary legislation ☐ Regulation /Guidelines ☐ Other actions (such as supervisory actions), please specify: **Status of progress :** ☒ Reform effective (completed) as of: 1.4.2013 **Short description of the content of the legislation/ regulation/guideline:** The Financial Services Act 2012 implements the Government's reform to strengthen financial regulatory structure in the UK. In regard to this specific recommendation, the reform gives the Bank of England responsibility for day-to-day prudential supervision of banks, insurers and major investment firms through a new, operationally independent subsidiary, the PRA. The previous supervisor, the FSA, ceased to exist on 1 April 2013. The reform also created a new conduct of business regulator (the Financial Conduct Authority) to protect	**Planned actions (if any):** **Expected commencement date:** **Web-links to relevant documents:**

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				consumers, promote competition and ensure integrity in markets. The overlapping memberships of the PRA board, FPC and the board of the FCA, as well as the Bank's Monetary Policy Committee (MPC), will support the flow of information across the different bodies and an understanding of their approaches and likely reactions to events. In addition there is information exchange between the bodies, including MPC members being able to attend briefings for FPC meetings and vice versa. The Act includes new provisions whereby the PRA must disclose to the Bank any information in its possession that it 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.	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				Co-ordination between the PRA and the FCA will be assisted by the membership of their CEOs on each other's board. The PRA and the FCA have a statutory duty to co-ordinate with each other in the exercise of their public functions, including policymaking and supervision. A Memorandum of Understanding (MoU) between the FCA and the PRA describes how the two regulators will fulfil this duty to co-ordinate, including on matters such as information sharing and actions each regulator needs to take in the event of a firm failing. In addition, there are supervisory colleges that bring together respective supervision teams for dual-regulated firms and groups, in addition to ad-hoc meetings that either team can call. **Web-links to relevant documents:** The Financial Services Act 2012 and associated documentation: http://www.hm-treasury.gov.uk/fin_financial_services_bill.htm	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
VI.	**Improving oversight of credit rating agencies (CRAs)**				
16 (23) (24) (25)	Enhancing regulation and supervision of CRAs	All CRAs whose ratings are used for regulatory purposes should be subject to a regulatory oversight regime that includes registration. The regulatory oversight regime should be established by end 2009 and should be consistent with the IOSCO Code of Conduct Fundamentals. (London) National authorities will enforce compliance and require changes to a rating agency's practices and procedures for managing conflicts of interest and assuring the transparency and quality of the rating process. CRAs should differentiate ratings for structured products and provide full disclosure of their ratings track record and the information and assumptions that underpin the ratings process. The oversight framework should be consistent across jurisdictions with appropriate sharing of information between national authorities, including through IOSCO. (London) Regulators should work together towards appropriate, globally compatible solutions (to conflicting compliance obligations for CRAs) as early as possible	Jurisdictions should indicate the policy measures undertaken for enhancing regulation and supervision of CRAs. They should also indicate its consistency with the following IOSCO document: • *Code of Conduct Fundamentals for Credit Rating Agencies (May 2008)* Jurisdictions may also refer to the following IOSCO documents: • Principle 22 of *Principles and Objectives of Securities Regulation (Jun 2010)* which calls for registration and oversight programs for CRAs; • *Statement of Principles Regarding the Activities of Credit Rating Agencies (Sep 2003)*; and • *Credit Rating Agencies: Internal Controls Designed to Ensure the Integrity of the Credit Rating Process and Procedures to Manage Conflicts of Interest (Dec 2012).*	Implementation ongoing or completed ***If " Not applicable " or "Applicable but no action envisaged ..." has been selected, please provide a brief justification:*** Please refer to description of EU Regime below – the relevant principles and codes described in the "remarks" are reflected in the EU regime **Issue is being addressed through :** ☒ Primary / Secondary legislation ☒ Regulation /Guidelines ☐ Other actions (such as supervisory actions), please specify: **Status of progress :** ☒ Reform effective (completed) as of: **Short description of the content of the legislation/ regulation/guideline:** The EU CRA registration process has been completed and responsibility for on-going supervision has been transferred to ESMA by the second CRA Regulation. Negotiation of the Third Regulation, which addresses conflicts of interest, accountability and transparency was completed in January 2013. Implementation of the second regulation through adoption of technical standards is	**Planned actions (if any):** **Expected commencement date:** **Web-links to relevant documents:**

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
		in 2010. (FSB 2009)		on-going, development of technical standards to implement their Third Regulation is at an early stage. The new regulation came into effect in June this year. Regarding the technical standards to implement this new regulation a discussion paper was published in July soliciting views on a number of areas where ESMA has been mandated by the regulations to develop technical standards. ESMA continues to negotiate bilateral Memorandums of Understanding between the EU and third country jurisdictions. The FCA continues to engage with the IOSCO and ESMA technical committees on CRAs. **Web-links to relevant documents:** http://www.esma.europa.eu/page/CRA-documents http://ec.europa.eu/internal_market/securities/docs/agencies/COM_2011_747_en.pdf http://www.esma.europa.eu/page/CRA-documents	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
17 (26)	Reducing the reliance on ratings	We also endorsed the FSB's principles on reducing reliance on external credit ratings. Standard setters, market participants, supervisors and central banks should not rely mechanistically on external credit ratings. (Seoul) Authorities should check that the roles that they have assigned to ratings in regulations and supervisory rules are consistent with the objectives of having investors make independent judgment of risks and perform their own due diligence, and that they do not induce uncritical reliance on credit ratings as a substitute for that independent evaluation. (Rec IV. 8, FSF 2008) We reaffirm our commitment to reduce authorities' and financial institutions' reliance on external credit ratings, and call on standard setters, market participants, supervisors and central banks to implement the agreed FSB principles and end practices that rely mechanistically on these ratings. (Cannes)	No information on this recommendation will be collected in the current IMN survey since a thematic peer review is taking place in this area during 2013.		

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
VII.	**Enhancing and aligning accounting standards**				
18 (27)	Consistent application of high-quality accounting standards	Regulators, supervisors, and accounting standard setters, as appropriate, should work with each other and the private sector on an ongoing basis to ensure consistent application and enforcement of high-quality accounting standards. (Washington)	Jurisdictions should indicate the accounting standards that they follow and whether (and on what basis) they are deemed to be equivalent to IFRSs as published by the IASB. They should also explain the system they have for enforcement of consistent application of those standards.	Implementation ongoing or completed ***If " Not applicable " or "Applicable but no action envisaged …" has been selected, please provide a brief justification:*** **Issue is being addressed through :** ☐ Primary / Secondary legislation ☐ Regulation /Guidelines ☒ Other actions (such as supervisory actions), please specify: Supervisory actions **Status of progress :** **Short description of the content of the legislation/ regulation/guideline:** The Financial Reporting Council (FRC) is responsible for the consistent application and enforcement of accounting standards in the UK. As the major financial institutions follow IFRS set by the IASB as endorsed by the EU, the PRA 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. On an on-going basis, the PRA continues to meet with the auditors of financial institutions (under the Code of practice for the relationship between the external	**Planned actions (if any):** **Expected commencement date:** **Web-links to relevant documents:**

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				auditor and the supervisor), as well as the major UK banks to discuss, amongst other matters, any implementation issues with accounting standards. In addition, there are MoUs between the PRA and FRC and terms of reference for FRC/FPC liaison. **Web-links to relevant documents:**	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
19 (28) (29)	Appropriate application of Fair Value Accounting	Accounting standard setters and prudential supervisors should examine the use of valuation reserves or adjustments for fair valued financial instruments when data or modelling needed to support their valuation is weak. (Rec. 3.4, FSF 2009) Accounting standard setters and prudential supervisors should examine possible changes to relevant standards to dampen adverse dynamics potentially associated with fair value accounting. Possible ways to reduce this potential impact include the following: (1) Enhancing the accounting model so that the use of fair value accounting is carefully examined for financial instruments of credit intermediaries; (ii) Transfers between financial asset categories; (iii) Simplifying hedge accounting requirements. (Rec 3.5, FSF 2009)	Jurisdictions should indicate the policy measures taken for appropriate application of fair value accounting. See, for reference, the following BCBS documents: • *Basel 2.5 standards on prudent valuation (Jul 2009)* • *Supervisory guidance for assessing banks' financial instrument fair value practices (Apr 2009)*	Implementation ongoing or completed ***If " Not applicable " or "Applicable but no action envisaged …" has been selected, please provide a brief justification:*** **Issue is being addressed through :** ☐ Primary / Secondary legislation ☒ Regulation /Guidelines ☒ Other actions (such as supervisory actions), please specify: Accounting standards **Status of progress :** ☒ Draft published as of: 1 April 2012 FSA Policy Statement on Regulatory Prudent Valuation Return; 10 July 2013 – EBA Consultation Paper relating to Draft Regulatory Technical Standards on prudent valuation under Article 105 (14) of the Capital Requirements Regulation. **Short description of the content of the legislation/ regulation/guideline:** *Use of valuation reserves or fair value adjustments* An EBA Consultation Paper aims to specify further how to apply the prudent valuation requirements in Article 105 of the Capital Requirements Regulation, and set out the EBA's view on how valuation	**Planned actions (if any):** **Expected commencement date:** **Web-links to relevant documents:**

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				adjustments could in practice be applied by institutions in a consistent manner. An FSA Policy Statement set out a standard template for Prudent Valuation Returns that enabled the FSA to more effectively review firms' prudent valuation returns and aid comparability of data between firms. This has now been incorporated into rules in the PRA Handbook SUP 16.16. http://fshandbook.info/FS/html/PRA/SUP/16/16 *Changes in accounting standards* The IASB continues to consult on ways to improve the accounting for financial instruments. A new standard on the classification and measurement of financial assets and financial liabilities has been issued (IFRS 9), but the IASB is currently re-deliberating on certain limited amendments made to the standard (exposure draft issued in November 2012). A new standard on fair value measurement was issued (May 2011), which takes effect from 1 January 2013, and an exposure draft on	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				financial assets impairment was issued (March 2013) for consultation. IASB continues to discuss possible improvements to hedge accounting requirements following previous exposure draft issued (Dec 2010), and a discussion paper on macro hedge accounting is yet to be issued. **Web-links to relevant documents:** EBA Discussion Paper relating to Draft Regulatory Technical Standards on prudent valuation under Article 105 of the CRR- http://www.eba.europa.eu/ regulation-and-policy/market-risk/draft-regulatory-technical-standards-on-prudent-valuation FSA Regulatory Prudent Valuation Return – http://www.fsa.gov.uk/ static/pubs/policy/ps12-07.pdf	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
VIII. Enhancing risk management					
20 (31) (33) (34) (35)	Enhancing guidance to strengthen banks' risk management practices, including on liquidity and foreign currency funding risks	Regulators should develop enhanced guidance to strengthen banks' risk management practices, in line with international best practices, and should encourage financial firms to re-examine their internal controls and implement strengthened policies for sound risk management. (Washington) National supervisors should closely check banks' implementation of the updated guidance on the management and supervision of liquidity as part of their regular supervision. If banks' implementation of the guidance is inadequate, supervisors will take more prescriptive action to improve practices. (Rec. II.10, FSF 2008) Regulators and supervisors in emerging markets[4] will enhance their supervision of banks' operation in foreign currency funding markets. (FSB 2009) We commit to conduct robust, transparent stress tests as needed. (Pittsburgh)	Jurisdictions should indicate the policy measures taken to enhance guidance to strengthen banks' risk management practices. See, for reference, the Joint Forum's *Principles for the supervision of financial conglomerates (Sep 2012)* and the following BCBS documents: • *Principles for effective risk data aggregation and risk reporting (Jan 2013)* • *The Liquidity Coverage Ratio (LCR) (Jan 2013)* • *Principles for the sound management of operational risk (Jun 2011)* • *Principles for sound stress testing practices and supervision (May 2009)* Jurisdictions may also refer to FSB's February 2013 *thematic peer review report on risk governance*.	Implementation ongoing or completed ***If " Not applicable " or "Applicable but no action envisaged …" has been selected, please provide a brief justification:*** **Issue is being addressed through :** ☐ Primary / Secondary legislation ☐ Regulation /Guidelines ☐ Other actions (such as supervisory actions), please specify: **Status of progress :** ☒ Reform effective (completed) as of: 2010 for new liquidity regime. **Short description of the content of the legislation/ regulation/guideline:** *Liquidity* **BCBS Principles for sound liquidity risk management and supervision:** The UK implemented the updated in its prudential liquidity regime, which went live in 2010. (The requirements on firms and information on the supervisory review process are set out in chapter 12 of the PRA's prudential sourcebook for banks, building societies and investment	**Planned actions (if any):** *Liquidity:* BCBS The Liquidity Coverage Ratio (LCR) (Jan 2013): The PRA will implement a liquidity framework based on the Liquidity Coverage Ratio through European Union legislation. The EU's Capital Requirements Directive (CRD IV) empowers the European Commission to adopt a delegated act to specify the LCR by 30 June 2014 with the legislation entering into force by 31 December 2014 (this is set out in Article 460 of the Regulation). *Operational risk :* The PRA will continue to work in the context of the BCBS's Supervision and Implementation Group, Operational Risk (SIGOR), which will include work to increase the risk sensitivity of a standardised approach used to calculate the operational risk capital requirement (Delivery end 2014). *Stress testing:* The PRA provided high-level overview of its use of stress tests in its April 2013 approach documents – see paragraph 134 for banking and paragraph 145 for insurance.

[4] Only the emerging market jurisdictions may respond to this recommendation.

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				firms). **BCBS The Liquidity Coverage Ratio (LCR) (Jan 2013):** The PRA will implement the BCBS' January 2013 agreement on a Liquidity Coverage Ratio and associated additional monitoring metrics through the EU implementation of these standards. Reporting requirements are scheduled to commence in 2014. **BCBS Monitoring tools for intraday liquidity management (April 2013):** The PRA has recommended that this is implemented in Europe as part of the additional liquidity monitoring metrics or the forthcoming European Commission's delegated act on the LCR. *Operational risk* The PRA is working in the context of the BCBS's Supervision and Implementation Group, Operational Risk (SIGOR). A review of the implementation of the BCBS's Principles for the Sound Management of Operational Risk (June 2011) is underway. The BCBS will supplement this review with an assessment of the additional guidance needed on operational controls within capital markets and trading businesses	In addition, the PRA and Bank more broadly will be directing their attention to the recent interim FPC recommendation (following 19 March 2013 meeting) that looking to 2014 and beyond the Bank and the PRA should develop proposals for regular stress testing of the UK banking system, with particular reference to the system's capital adequacy. **Expected commencement date:** **Web-links to relevant documents:** http://www.bankofengland.co.uk/publications/Documents/praapproach/bankingappr1304.pdf http://www.bankofengland.co.uk/publications/Documents/praapproach/insuranceappr1304.pdf

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				(Delivery: June 2014). A study has commenced to assess of whether changes are necessary to enhance the effective implementation of the Supervisory Guidelines for the Advanced Measurement Approaches is underway (Deliver end 2015). *Stress testing* Prior to April 2013, the FSA expected firms to develop, implement and action a robust and effective stress testing programme that assessed their ability to meet capital and liquidity requirements in stressed conditions, as a key component of effective risk management. The FSA also undertook stress tests on a periodic basis for a number of firms (regularly for specific high-impact firms and for other firms as the need arose) to assess their ability to meet minimum specified capital levels throughout a stress period. The PRA is continuing this approach, but in March 2013 the FPC made recommendations to develop regular stress testing of the UK banking system to assess the system's capital adequacy. The Bank, including the PRA, is currently considering how to implement those recommendations. This work is likely to influence the PRA's expectations	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				with regards to stress testing and further information will be communicated later this year. **Web-links to relevant documents:** Various PRA statements or policy documents relating to stress testing can be found at: http://www.bankofengland.co.uk/pra/Pages/supervision/activities/stresstesting.aspx Details of the FPC's recommendations can be found at: www.bankofengland.co.uk/financialstability/Pages/fpc. The FSR, June 2013 on pg 75 describes the development of the Bank's stress testing framework. http://www.bankofengland.co.uk/publications/Pages/fsr/2013/fsr33.aspx	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
21 (36)	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. (Pittsburgh)	Jurisdictions should indicate steps taken to reduce impaired assets and encourage additional capital raising. For example, jurisdictions could include here the amount of new equity raised by banks operating in their jurisdictions during 2012.	Implementation ongoing or completed ***If " Not applicable " or "Applicable but no action envisaged …" has been selected, please provide a brief justification:*** **Issue is being addressed through :** ☐ Primary / Secondary legislation ☐ Regulation /Guidelines ☒ Other actions (such as supervisory actions), please specify: supervisory action **Status of progress :** ☒ Draft approved and in force/to be in force from/by: Action to be completed by end 2013 **Short description of the content of the legislation/ regulation/guideline:** Five recommendations on capital adequacy were issued the Financial Policy Committee (FPC) in March 2013. The PRA Board has adopted the recommendations and conducted firm-by-firm reviews of eight major UK banks and building societies in order to implement them. This involved assessing current capital adequacy using the Basel III definition of equity but after: (i) making deductions from currently-stated capital to reflect an assessment of expected future losses and a realistic assessment of future costs of conduct	**Planned actions (if any):** The PRA will report back to FPC on its progress in Q1 2014. **Expected commencement date:** **Web-links to relevant documents:**

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				redress; and (ii) adjusting for a more prudent calculation risk weights. The FPC also recommended that by end 2013 the PRA should take steps to ensure that the major UK banks and building societies hold capital equivalent to at least 7% of their risk weighted assets, assessed on the basis of the previous recommendation. The PRA assessed that, at end-2012, firms had an aggregate capital shortfall relative to this standard of £27bn. All firms have been informed of their requirements and have produced for the PRA plans to meet them. The vast majority of actions are due to be completed by end-2013, but we have allowed some limited flexibility for a small part of these actions to be delivered during the first half of 2014. At its June 2013 meeting, the FPC judged that implementation of the March recommendations was under way and reaffirmed all but one of the recommendations; the first, on how the PRA should assess current capital adequacy, was considered implemented. **Web-links to relevant documents:** http://www.bankofengland.co.uk/publications/Pages/Records/fpc/2013/record1307.aspx	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
22 (37)	Enhanced risk disclosures by financial institutions	Financial institutions should provide enhanced risk disclosures in their reporting and disclose all losses on an ongoing basis, consistent with international best practice, as appropriate. (Washington)	Jurisdictions should indicate the status of implementation of the disclosures requirements of IFRSs (in particular IFRS7 and 13) or equivalent. Jurisdictions may also use as reference the recommendations of the October 2012 report by the Enhanced Disclosure Task Force on *Enhancing the Risk Disclosures of Banks*.	Implementation ongoing or completed ***If " Not applicable " or "Applicable but no action envisaged …" has been selected, please provide a brief justification:*** **Issue is being addressed through :** ☐ Primary / Secondary legislation ☐ Regulation /Guidelines ☒ Other actions (such as supervisory actions), please specify: Supervisory actions **Status of progress :** [No response] **Short description of the content of the legislation/ regulation/guideline:** The major UK banks generally comply with the disclosure requirements as set out in the IFRSs as endorsed by the EU. The PRA continues to work with the major UK banks to enhance the disclosures in their financial reports on an on-going basis. As part of this work, the PRA had made it clear to the major UK banks that it expected them to embrace the EDTF recommendations on enhancements to risk disclosures wholeheartedly and as quickly as possible.	**Planned actions (if any):** **Expected commencement date:** **Web-links to relevant documents:**

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				See FPC recommendation 13/Q2/4: “The PRA should ensure that all major UK banks and building societies comply fully with the October 2012 recommendations of the Enhanced Disclosure Task Force (EDTF) upon publication of their 2013 annual reports.” **Web-links to relevant documents:** http://www.bankofengland.co.uk/financialstability/Pages/fpc/default.aspx	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
IX.	**Strengthening deposit insurance**				
23 (38)	Strengthening of national deposit insurance arrangements	National deposit insurance arrangements should be reviewed against the agreed international principles, and authorities should strengthen arrangements where needed. (Rec. VI.9, FSF 2008)	Jurisdictions should describe any revisions made to national deposit insurance system, including steps taken to address the recommendations of the FSB's February 2012 *thematic peer review report on deposit insurance systems.*	Implementation ongoing or completed ***If " Not applicable " or "Applicable but no action envisaged …" has been selected, please provide a brief justification:*** **Issue is being addressed through :** ☒ Primary / Secondary legislation ☒ Regulation /Guidelines ☐ Other actions (such as supervisory actions), please specify: **Status of progress :** ☒ Reform effective (completed) as of: end 2010 **Short description of the content of the legislation/ regulation/guideline:** Since 2008 the UK has made significant revisions to the deposit guarantee scheme in the UK (FSCS). This includes requirements on firms to provide information to the FSCS within 72 hours in order to facilitate faster payout within a target of 7 days for the majority of depositors in the event of a failure (or within 20 working days as required under the Deposit Guarantee Schemes Directive), increased disclosure requirements on deposit takers regarding the protection offered by the FSCS and implementation of a maximum harmonised compensation limit as	**Planned actions (if any):** **Expected commencement date:** **Web-links to relevant documents:**

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				required under the Deposit Guarantee Schemes Directive. The PRA constantly reviews the status of the deposit guarantee scheme arrangements and will make further recommendation and changes in the future as appropriate. **Web-links to relevant documents:** http://fshandbook.info/FS/html/PRA/COMP	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
X.	**Safeguarding the integrity and efficiency of financial markets**				
24 (39)	Enhancing market integrity and efficiency	We must ensure that markets serve efficient allocation of investments and savings in our economies and do not pose risks to financial stability. To this end, we commit to implement initial recommendations by IOSCO on market integrity and efficiency, including measures to address the risks posed by high frequency trading and dark liquidity, and call for further work by mid-2012. (Cannes)	Jurisdictions should indicate the progress made in implementing the following IOSCO reports: • *Report on Regulatory Issues Raised by the Impact of Technological Changes on Market Integrity and Efficiency (Oct 2011)*; and • *Report on Principles for Dark Liquidity (May 2011)*.	Implementation ongoing or completed ***If " Not applicable " or "Applicable but no action envisaged …" has been selected, please provide a brief justification:*** **Issue is being addressed through :** ☒ Primary / Secondary legislation ☒ Regulation /Guidelines ☒ Other actions (such as supervisory actions), please specify: Internal thematic review **Status of progress :** ☒ Reform effective (completed) as of: 2012 **Short description of the content of the legislation/ regulation/guideline:** *Recommendations from the Final Report on Regulatory Issues raised by the Impact of Technological Changes on Market Integrity and Efficiency.* Recommendations 1 to 5 are already covered by various provisions in MiFID which is the key European piece of law for financial markets, investment firms and secondary markets. With the purpose of strengthening supervisory practices in the EU, ESMA (the European Securities and Markets Authority) published in 2011 guidelines for competent authorities and	**Planned actions (if any):** The European institutions (Commission, Council and Parliament) are currently negotiating the final texts of the new MiFID which is expected to further strengthen the regulatory and supervisory framework for market integrity and efficiency and the transparency of trading. **Expected commencement date:** **Web-links to relevant documents:** http://ec.europa.eu/internal_market/securities/isd/mifid_en.htm

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				financial markets participants on the resiliency, monitoring, testing and security of electronic trading systems and the access to those systems by members or participants. The guidelines also cover the establishment of proper organisational arrangements for the prevention of market abuse. *Principles from the Final Report on Principles for Dark Liquidity*. Principles 1 to 6 are already covered by various provisions in the key European piece of law for financial markets, investment firms and secondary markets, MiFID. With the purpose of building a common supervisory culture by promoting common supervisory approaches and practices in the EU, ESMA has established an internal process according to which the arrangements for pre-trade transparency waivers sought by operators of RMs or MTFs were considered at European level at the initiative of the relevant national competent authority. In order to comply with his statutory objectives and the relevant domestic and European legislation, the FCA has established a risk-based supervisory approach in order to identify and monitor	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				prospective risks and take action before they crystallise. **Web-links to relevant documents:** MiFID legislation can be found on the EU commission homepage at http://ec.europa.eu/internal_market/securities/isd/mifid2_en.htm. ESMA Guidelines on Systems and Controls can be found on the ESMSA website at www.esma.europa.eu/system/files/2011-456_0.pdf	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
25 (40)	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 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)	Jurisdictions should indicate the policy measures taken to enhance market transparency in commodity markets. See, for reference, 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 *report* published by the IOSCO's Committee on Commodity Futures Markets based on a survey conducted amongst its members in April 2012 on regulation in commodity derivatives market.	Implementation ongoing or completed ***If " Not applicable " or "Applicable but no action envisaged …" has been selected, please provide a brief justification:*** **Issue is being addressed through :** ☒ Primary / Secondary legislation ☒ Regulation /Guidelines ☐ Other actions (such as supervisory actions), please specify: **Status of progress :** ☒ Draft in preparation, expected publication by: **Short description of the content of the legislation/ regulation/guideline:** The FSA (as it then was) participated in the IOSCO survey on compliance with the IOSCO Principles for the regulation and Supervision of Commodity Derivatives Markets and is broadly compliant with those principles. Areas which may benefit from enhanced powers will be covered through the implementation of MiFID 2. Current FCA regulation covers on-exchange financial commodity market transparency and position management authorities through its regulation of commodity exchanges within its jurisdiction. Aggregated disclosure	**Planned actions (if any):** Further work in preparation for implementation of MiFID 2, once Level 1 text is agreed. Full implementation of IOSCO Principles for Oil Price Reporting Agencies to be by October 2013. **Expected commencement date:** **Web-links to relevant documents:**

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				occurs on a voluntary basis and the FCA has worked with both LIFFE and ICE Futures Europe to enhance transparency arrangements. MiFID 2 will broaden the arrangements to cover also activity on MTFs.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 and associated reporting requirements will also be covered by MIFID2.OTC transparency will be covered by European legislation EMIR which came into force at the end of 2012. Reporting to trade repositories under EMIR is to be implemented on a staged basis. IOSCO published in October 2012 its Principles for Oil Price Reporting Agencies. This is due to be implemented by October 2013 and will add to the integrity of benchmarks for oil contracts notably on ICE Futures Europe. **Web-links to relevant documents:**	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
26 New	Legal Entity Identifier	We support the creation of a global legal entity identified (LEI) which uniquely identifies parties to financial transactions. (Cannes) We encourage global adoption of the LEI to support authorities and market participants in identifying and managing financial risks. (Los Cabos)	Jurisdictions should indicate whether they have joined Regulatory Oversight Committee (ROC) and whether they intend setting up Local Operating Unit (LOU) in their jurisdiction.	Implementation ongoing or completed ***If " Not applicable " or "Applicable but no action envisaged …" has been selected, please provide a brief justification:*** **Issue is being addressed through :** ☐ Primary / Secondary legislation ☒ Regulation /Guidelines ☐ Other actions (such as supervisory actions), please specify: **Status of progress :** ☒ Draft approved and in force/to be in force from/by: reporting rules which mandate use of LEI is expected to begin from January 2014. **Short description of the content of the legislation/ regulation/guideline:** The regulatory and implementing technical standards under the European Markets and Infrastructure Regulation (EMIR) sets out that firms must either use a global LEI or an interim LEI endorsed in the EU for reporting information on their derivative contracts to trade repositories. The UK (both the Bank of England and the FCA) have joined the regulatory oversight committee. A number of UK entities have applied to the UK FCA to	**Planned actions (if any):** **Expected commencement date:** From January 2014. **Web-links to relevant documents:**

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				become pre-LOUs and we are still in the process of analysing or awaiting their formal submissions **Web-links to relevant documents:** http://ec.europa.eu/internal_market/financial-markets/derivatives/index_en.htm	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
XI.	**Enhancing financial consumer protection**				
27 (41)	Enhancing financial consumer protection	We agree that integration of financial consumer protection policies into regulatory and supervisory frameworks contributes to strengthening financial stability, endorse the FSB report on consumer finance protection and the high level principles on financial consumer protection prepared by the OECD together with the FSB. We will pursue the full application of these principles in our jurisdictions. (Cannes)	Jurisdictions should describe progress toward implementation of the OECD's *G-20 high-level principles on financial consumer protection (Oct 2011)*.	Implementation ongoing or completed ***If " Not applicable " or "Applicable but no action envisaged …" has been selected, please provide a brief justification:*** **Issue is being addressed through :** ☐ Primary / Secondary legislation ☐ Regulation /Guidelines ☒ Other actions (such as supervisory actions), please specify: Participation in OECD committee. **Status of progress :** [No response] **Short description of the content of the legislation/ regulation/guideline:** From 1 April 2013, changes to the UK regulatory structure came into effect under framework legislation that the FCA believes remains consistent with the G20 High Level Principles on Financial Consumer Protection and that continues to enable the relevant UK regulatory authorities to act consistently with the Principles. **Web-links to relevant documents:**	**Planned actions (if any):** In addition, UK authorities continue to participate in the OECD Task Force on Financial Consumer Protection which has agreed to develop effective approaches for the implementation of the G20 High Level Principles on Financial Consumer Protection. Other EU and international fora in which UK authorities participate are also working to promote regulatory standards which we see as consistent with the G20 Principles. **Expected commencement date:** **Web-links to relevant documents:**

XII. Source of recommendations:

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

XIII. List of Abbreviations used:
