Deloitte.

Risk and Regulation Monthly

There were yet more fines for **FX conduct** failures this month, while the Prudential Regulation Authority (PRA) outlined its recommendations on **board responsibilities**. Elsewhere, national and international supervisors continued work on **Solvency II**, while the European Banking Authority (EBA) released a slew of technical documents on the **Bank Recovery and Resolution Directive** (BRRD) and the **Capital Requirements Regulation** (CRR).

This note is produced for information only on a best efforts basis, and does not constitute advice of any kind.

Capital (including stress testing)

The Bank of England *published* guidance on the methodology for assessing risk on trading positions for banks participating in the 2015 **stress testing** exercise. The new scenario was designed by Bank of England staff, in contrast to the previous exercise which used the EBA's methodology for traded risk, and applies to positions as of 20 February 2015. The PRA also *issued* its H1 2015 stress scenario which banks should use as part of Pillar 2 capital planning to guide the calibration of their own scenarios, distinct from the Bank of England's concurrent stress testing exercise. This outlined the minimum adverse conditions in which firms should assess their ability to meet specified capital levels.

Nausicaa Delfas, Director of Specialist Supervision at the Financial Conduct Authority (FCA), *spoke* about the FCA's approach to **prudential supervision**, arguing that conduct issues can affect the prudential position of a firm, and prudential issues can affect the conduct of a firm. The FCA takes a proactive approach to firms which pose the greatest risks ('P1' and 'P2' firms), including performing a Supervisory Review and Examination Process (SREP), but a more reactive approach to 'P3' firms whose failure is less likely to have a significant market impact. For more detail, please see our *blog* on the FCA's inaugural Prudential Supervision Forum.

The EBA issued a number of documents relating to **CRD IV**. It published a draft update to its first report on the monitoring of Additional Tier 1 capital instruments issued by EU institutions, *consulted* on draft Implementing Technical Standards (ITS) on the mapping of credit rating agencies' assessments for securitisation positions, and *consulted* on draft Regulatory Technical Standards (RTS) on assigning risk weights to specialised lending exposures under the CRR. The EBA also *updated* its list of closely correlated currencies, used to calculate the capital requirements for foreign-exchange risk under the CRR, and its guidelines on technical aspects of the management of interest rate risk arising from non-trading activities.

Piers Haben, EBA Director of Oversight, *discussed* the common European framework for the **SREP**, supervisory convergence and key issues identified by the banking sector. The latter included the use of supervisory judgement in the use of scoring and determination of additional capital requirements, and categorisation of institutions for the application of the principle of proportionality in supervision. He responded to concerns over the perceived "side-lining" of ICAAP under the SREP guidelines and stressed that ICAAP had an important role as a risk management tool and was a starting point for quantifying capital requirements.

Stefan Ingves, Chairman of the Basel Committee on Banking Supervision (BCBS), *spoke* on the **BCBS' current and upcoming work**, focussing on policy

development and work on balancing simplicity, comparability and risk sensitivity. He said the need to address an over-reliance on internal models-based approaches to risk-weighted assets and capital requirements, methods which were "essentially the same" as the pre-crisis Basel II framework, is driving current policy work. The overall calibration of the framework would follow a "step-by-step approach" whereby finalisation of the various elements will not be simultaneous, so that certain "important levers" can be left open to allow for fine-tuning of the framework.

The FCA *consulted* on the capital resource requirements for **Personal Investment Firms (PIFs)**. Most will have requirements that are the higher of £15,000 from 30 June 2016 (£20,000 from 30 June 2017), or 5% of annual income in the previous year. The FCA did not propose to make changes to professional indemnity insurance requirements.

The European Commission *published* draft minutes of the March meeting of its expert group on banking, payments and insurance. Klaus Wiedner, Head of the Commission's Insurance and Pensions Unit, warned that **late transposition of Solvency II** would result in the regime not being applied effectively by 1 January 2016. 21 member states indicated they would miss the deadline, with six unable to provide any indication of when transposition would occur.

The European Insurance and Occupational Pensions Authority (EIOPA) *updated* its **Solvency II** webpage in order to help insurers and other market participants find all relevant information on the new regime, including links to the first six ITS recently adopted by the European Commission. In the UK, the PRA *updated* its webpage to state that all internal model firms are required to have a change policy which plays an integral role in the wider governance of a firm's internal model. It also *published* a Solvency II Directors' update letter, including further information on the standard formula review process, feedback on the "internal model commitment panel" process, and EIOPA's current consultation on the Solvency II currency requirement.

EIOPA *launched* its first **stress test** for Institutions for Occupational Retirement Provision (IORPs), and a quantitative assessment on solvency for IORPs. EIOPA will assess whether defined benefit and defined contribution schemes could survive two asset price shock scenarios, two low return scenarios and a longevity scenario. Affected schemes have until 10 August to complete the exercise, and EIOPA will publish a final report in Q4 2015. The quantitative assessment will gather data on potential uses of the holistic balance sheet, and will support the development of advice to the European Commission on solvency rules for IORPs.

Liquidity

No new developments.

Governance and risk management (including remuneration)

The PRA *consulted* on its **expectations of boards**. The draft rules complement the proposed Senior Managers Regime and outline various expectations around strategy, risk appetite and risk management, culture, the roles, knowledge and experience of executive and non-executive directors, and board composition. The PRA intends to publish a finalised supervisory statement after the consultation closes in September. Andrew Bailey, CEO at the PRA, *spoke* about the proposals, observing that it is "uncommon and rare to find a problem which cannot be traced back to a failure of governance." The proposed rules are intended to increase accountability and clarify allocation of responsibilities to avoid a "Murder on the Orient Express outcome", in which "everyone and no-one is responsible but everyone is connected to the event." Please see our *blog* for further details.

Martin Wheatley, FCA Chief Executive, *delivered* a speech on **restoring trust and confidence in banking**. He said in order to address cultural issues, industry leaders needed to implement methods that "reduce incentives for misconduct" and "increase personal accountability". There had been a "blind spot" on middle management since they were not subject to the same "fit and proper" standards as those at the top or those in customer facing roles. However, the accountability structure will be more complete with the introduction of the new Conduct Rules that will be applicable to all individuals in banks.

The FCA *published* a letter which it sent to the **remuneration** committee chairs of Level 1 firms in November 2014, reiterating its expectations on the application of ex-post performance adjustment (malus). For the 2014/2015 remuneration round, the FCA will focus on overall compliance with the Remuneration Code, including how firms had incorporated the risk of misconduct in setting awards, and how they updated their approaches to take account of CRD IV provisions on the bonus cap and the identification of material risk takers.

Andrea Enria, EBA Chair, *wrote* to Paraskevi Michou, Acting Director General of DG-Justice and Consumers at the European Commission, to request legal clarity on the interpretation of the **proportionality principle for remuneration** policies under CRD IV. The Commission's *response* - that CRD IV does not permit such waivers - informed the EBA's decision last month to amend the application so that certain provisions could not be "neutralised" for smaller and non-complex institutions.

Conduct of Business (including MiFID)

The FCA *fined* Barclays £284.4mn for failing to exercise adequate and effective control over its **FX business** in London. The fine is the largest penalty ever imposed by the FCA (or the FSA) and related to failings between 1 January 2008 and 15 October 2013. US regulators simultaneously *fined* six banks (including Barclays) over $1.8bn. The FCA's decision cited lack of proper controls and failure to embed the right values and culture in the FX business, which led to behaviour such as the inappropriate sharing of information about clients' activities and attempts to manipulate spot FX rates, including via collusion with traders at other firms.

The Bank for International Settlements (BIS) *announced* the creation of a working group on **FX market best practices** aiming to facilitate the establishment of "a single global code of conduct standards and principles" in FX markets. The group will be chaired by Guy Debelle, the Markets Committee's Chairman.

The Intercontinental Exchange (ICE) *published* a feedback statement on responses to the ICE Benchmark Administration (IBA) position paper on the evolution and enhancement of **ICE LIBOR**. It set out proposals in relation to submission criteria, the implementation of a more transaction-based approach for determining LIBOR submissions, consistency and reliability of data, and other enhancements to the benchmark. A more detailed consultation will take place in summer 2015.

The FCA *published* the terms of reference for its **market study on investment and corporate banking**, which will focus on primary market and related activities. The FCA set out three key issues: choice of banks and advisers for clients; transparency in the provision of services; and bundling and cross-subsidisation. It will take into account activities such as the Fair and Effective Markets Review (FEMR), the implementation of MiFID II, and the Capital Markets Union (CMU), and may decide no further action is required if concerns are likely to be met by other initiatives. It intends to publish an interim report by end-2015 and a final report in spring 2016.

The FCA *announced* it is considering whether to change its rules or create new guidance in relation to the handling of **payment protection insurance** (PPI) complaints. This decision comes after the Supreme Court ruled that a failure to disclose to a client a large commission payment on a single premium PPI policy made the relationship between a lender and the borrower unfair under the Consumer Credit Act. The FCA will engage with relevant stakeholders in the coming months and expects to announce its view in the summer.

The Financial Ombudsman Service (FOS) *published* its **annual review of consumer complaints** for the financial year 2014/15. It had answered 15mn consumer enquiries and taken on 2.8mn disputes between financial business and their customers since 2001. 1.8mn of these disputes had related to just three issues: mortgage endowments, bank charges and PPI. PPI accounted for two-thirds of all complaints in 2014/15.

The FCA *published* its response to the European Commission consultation on the review of the **Prospectus Directive**. It advocated a significant restructuring of the directive and said the changes would support the CMU initiative. Among its recommendations were to consider exchange-traded commodities in European securities regulation, and a "fundamental recasting" of the scope of the directive to focus on admissions to trading.

The Competition and Markets Authority (CMA) *closed* the **multilateral interchange fees investigations** into MasterCard and Visa in light of the impending EU Interchange Fee Regulation (IFR). It reached this decision on the basis that the IFR will address harm to consumers and retailers which, it is suspected, is caused by current levels of interchange fees. The IFR will take effect later in 2015.

The European Securities and Markets Authority (ESMA) *finalised* its guidelines on the definition of **commodity derivatives** under MiFID I. The guidelines provided a uniform and consistent application of the definition under MiFID I and the European Market Infrastructure Regulation (EMIR). In the case of physically settled commodity forwards, the guidelines clarified the meaning of "physically settled" and confirmed that forwards traded on a regulated market or Multilateral Trading Facility fell within the scope of MiFID I. The guidelines will apply from 7 August 2015 and will be superseded by the European Commission's delegated acts on MIFID II.

Steven Maijoor, ESMA Chair, and *Jonathan Faull*, Director General, Financial Stability, Financial Services and CMU, agreed to extend the deadlines for ESMA's submission of final draft RTS under the **Market Abuse Regulation (MAR)** and **MiFID II** until September 2015. The extension was prompted by the introduction of an early legal review, an additional step in the process of approval of draft technical standards that could delay finalisation of the standards by ESMA.

The FCA *published* a thematic review on the provision of **premium finance to retail general insurance customers**, focusing on online purchases. The review covered insurers, intermediaries and price comparison websites, and found that many firms were not adequately ensuring that customers receive a fair outcome when purchasing insurance and linked finance. It found shortcomings in three areas: firms did not provide clear and appropriate information on payment options; firms did not always provide appropriate information about instalment options; and firms arranging premium finance did not always take appropriate steps to provide sufficient, clear and consistent information to ensure customers understood the role the firm was performing.

The CMA *updated* its issue statement for its investigation into the supply **of personal current accounts and retail banking services to SMEs**, in particular the three "theories of harm" it set out last November. These cover the extent to which bank customers shop around and switch between providers, the level of concentration in the market, and barriers to entry and expansion. Provisional findings are expected in September 2015.

The FCA *published* a thematic review on the **handling of insurance claims for SMEs** (small and medium-sized enterprises) that covered insurers, insurance intermediaries and loss assessing firms, including unregulated firms such as loss adjusters and third party administrators. The review was limited to first party non-motor claims (e.g. claims arising from flood, fire, escape of water) in excess of £5,000. The review did not find evidence of insurers looking to avoid paying claims, but said there was an

overall poor perception by SMEs of the claims experience, that there was evidence that claims were not managed effectively in the interest of customers, and that there was often poor communication between the different parties handling the claim.

The CMA *consulted* on a draft Order as part of its current market investigation into **payday lending**. The draft Order would prohibit the supply of payday lending unless the lender has published information on an FCA-authorised price comparison website; it would prohibit the supply of payday loans unless customers are provided with a summary of the cost of borrowing; and it would create an obligation for payday loan providers to produce compliance reports and submit them to the CMA. The CMA also *published* an explanatory note.

Chris Woolard, FCA Director of Strategy & Competition, *spoke* about the **FCA's approach to innovation**. The FCA will launch a call for input on the regulatory barriers to innovation in digital and mobile this autumn to understand where it needs to make changes, or simply communicate its approach more effectively. The FCA, through its Innovation Hub, had received 170 requests for support from businesses since the Hub was launched in October 2014, and had assisted just under half of these firms.

The British Insurers Brokers' Association *published* a **voluntary code of conduct** for its members, adding that it had begun discussions with the Insurance Brokers' Standards Council to develop a single voluntary code for insurance brokers. The code comprises four principles: abide by all relevant laws, principles and regulations; act with integrity and honesty; act in the best interests of each client; and act with skill, care and diligence.

The **Court of Appeal** *rejected* the FCA's appeal against the finding of the Upper Tribunal that an individual was prejudicially identified in a Decision Notice given to JP Morgan Chase in September 2013 in relation to the "London Whale" trades. Although the FCA did not refer to the individual by name, it was possible to identify him through certain references in the Notice. The case will now return to the Upper Tribunal.

The **Upper Tribunal** *upheld* an FCA decision to fine and ban an investment adviser, but criticised its handling of publicity surrounding the case, including issuing a press statement which contained a number of inaccuracies.

The FCA *issued* Decision Notices against three former senior managers of **Keydata**: Stewart Ford (former chief executive), Mark Owen (former sales director) and Peter Johnson (former compliance officer), proposing to fine them £75mn, £4mn and £200,000 respectively and to ban them from performing any role in regulated financial services. All three applied unsuccessfully to the Upper Tribunal to prevent publication of the Decision Notices.

Crisis management (including special resolution, systemically important firms, and business continuity)

The PRA *published* a policy statement on issues related to the **implementation of ring-fencing**. It made some amendments to its initial proposals, but without major changes to the overall approach. Among other things, the PRA introduced the term "permitted supplier" to describe entities within the group from which ring-fenced banks (RFB) are permitted to receive shared services. It does not intend to list the types of subsidiaries it would allow an RFB to own, which will instead be dealt with on a case-by-case basis. The rules and supervisory statements should be considered "near-final", with the expectation of a second consultation later this year.

The European Commission formally *requested* eleven countries, including France, Italy, the Netherlands and Sweden, to implement fully the **BRRD**, which had a 31 December 2014 transposition deadline. The Commission's request was a "reasoned opinion", the second stage of the EU infringement procedures; if these countries do not comply within two months, the Commission could refer them to the EU Court of Justice.

Martin Taylor, an External Member of the Financial Policy Committee (FPC), *delivered* a wide-ranging speech on the **current regulatory environment**, with particular focus on the work of the Vickers Commission (of which he was a member). He noted recent criticisms of ring-fencing, and argued that "the fuss about the ring-fence at the moment, far from demonstrating its redundancy, shows that its forthcoming introduction is proving effective".

The PRA published updated *policy* and *supervisory* statements on **depositor and dormant account protection**. The amendments included a definition of "public authority", extension of protection to deposits held by local authorities with an annual budget of up to €500,000, and a requirement on firms to inform depositors of deposits no longer covered by the deposit guarantee scheme from 3 July 2015. The PRA will consult later this year on clarifications and administrative amendments to the depositor protection rules published in April 2015.

The PRA *consulted* on **contractual stays in financial contracts** governed by third-country law in the event of resolution. It proposed a new rule requiring the contractual adoption of UK resolution stays in certain financial contracts governed by non-EEA law, and prohibiting firms from creating new obligations or materially amending an existing obligation without the required counterparty agreement. The proposal is part of a coordinated effort among Financial Stability Board (FSB) countries to improve cross-border recognition of resolution stays, by obliging firms to adopt contractual solutions where statutory recognition regimes are lacking.

The Bank of England *consulted* on its approach to **impediments to resolvability**. It will inform banks of any "substantive" impediments to resolvability

identified during a resolvability assessment, giving banks four months to suggest remedies. If no response is received, or the Bank of England judges it inadequate, it can compel banks to take measures to address those impediments. Powers of direction include, but are not limited to, forcing banks to restrict their maximum individual and aggregate exposures; dispose of specified assets; and change their legal or operational structure.

The FSB *reported* on a peer **review of supervisory frameworks and approaches for systemically important banks** (SIBs). The review found that supervision had become more risk-based, while supervisory tools such as business model analysis, stress testing and horizontal reviews were increasingly used to provide a more forward-looking approach. The scope of supervision had also expanded to incorporate macroprudential and resolvability considerations. 13 surveyed banks noted an increase in supervisory intensity on capital and liquidity, and many highlighted an increase in the number and depth of supervisory reviews and data requests.

The EBA *consulted* on draft RTS which set out how resolution authorities should **value derivatives** and assess whether to bail-in derivatives liabilities. Valuation of derivatives liabilities is an important part of the overall resolution valuation exercise, necessary in order to determine which liabilities may need to be bailed-in. Derivatives can be bailed-in during resolution, but only after positions have been closed out and netted, and the RTS sets out standards which authorities should observe when valuing positions in a resolution.

The EBA finalised a variety of **Guidelines under the BRRD**, including on *triggers for resolution* (the determination of when a firm is 'failing or likely to fail'); on *necessary services* (those which would need to be transferred in the event of a sale of business, transfer of assets, or use of the bridge bank tool); on the *sale of business tool* (setting out circumstances in which resolution authorities might modify the normal sales process for "reasons of urgency" related to financial stability); on the *asset separation tool* (setting out circumstances in which the liquidation of assets or liabilities under normal insolvency could have an adverse effect on financial markets); on *early intervention triggers* (setting out the conditions under which authorities might impose early intervention measures, and explaining the relationship with SREP); and on *recovery plan indicators* (setting out the categories which these should cover, such as capital, liquidity, profitability, and asset quality).

Regulatory perimeter

European Commissioner Jonathan Hill, and Timothy Massad, Chairman of the US Commodity Futures Trading Commission (CFTC), *discussed* a possible **equivalence** decision by the Commission for central counterparties (CCPs) regulated and supervised by the CFTC. While no decision was reached, discussions were "constructive and progressing", and "mutually satisfactory" on the ability for both sides potentially to defer to each other's rules. The officials committed to continue the discussions with the aim of finalising an approach by the summer.

Andrew Bailey, PRA CEO, *spoke* about the role of **financial markets** and non-bank institutions and the risks they can pose to financial stability, including market liquidity risks attached to activities of shadow banking, asset managers and algorithmic trading. He also noted areas where action was under way to reduce impediments to the development of diverse and sustainable market-based finance. These included a new enhanced and broader stress testing framework, FEMR, the CMU, securities financing transactions, and risks stemming from mismatches between assets and liabilities of asset managers. He added that central banks could back-stop market liquidity by acting as market makers of last resort.

ESMA *consulted* on proposed RTS on the **clearing obligation** under EMIR for additional classes of OTC interest rate derivatives that were not included in the first RTS on the clearing obligation for interest rate swaps. The paper provided an overview of the clearing obligation procedure, clarified the structure of the classes of OTC interest rate derivatives, presented the approach for the definition of the categories of counterparties, and explained the definition of the minimum remaining maturities for the application of frontloading.

ESMA *published* a draft opinion on the composition of **CCP supervisory colleges** under EMIR following the launch of the Single Supervisory Mechanism, to clarify the circumstances in which the European Central Bank should have a seat on the college.

ESMA *reported* on the effects of EMIR on Undertakings for Collective Investments in Transferable Securities **(UCITS)** in respect of centrally cleared OTC derivative transactions, calling for changes to the UCITS Directive to take into account clearing obligations. Among other recommendations, ESMA said the Directive should distinguish between cleared and non-cleared OTC financial derivatives, rather than between OTC and exchange-traded instruments.

The Joint Committee of the European Supervisory Authorities (ESAs) *published* recommendations on **securitisation**, covering disclosure requirements and obligations relating to due diligence, supervisory reporting and retention rules in existing EU law on structured finance instruments (SFIs). It recommended harmonising EU due diligence requirements, reflecting the dynamics of SFIs in standardised investor reports and storing these in a centralised public space, empowering all type of investors to conduct their own stress tests, and creating a comprehensive regime for supervision and enforcement.

The International Organisation of Securities Commissions (IOSCO) *consulted* on sound practices for large market intermediary firms in the implementation of internal **credit assessment policies and procedures**. IOSCO proposed that firms establish an

independent credit assessment function and a coherent oversight structure as part of work to reduce the potential overreliance on external credit ratings.

Steven Maijoor, ESMA Chair, *suggested* an effective **CMU** will require "active participation" by retail investors, especially in areas where households have traditionally been reluctant to invest, such as the securities market. Strong investor protection was essential, since it was only then that investors would enter markets. There was also "substantial room" for more supervisory convergence. Although it was "not realistic" to aim for full convergence before 2020, ESMA will identify high priority areas on which to focus its convergence activities.

ESMA, the *FCA* and the *Bank of England* published their responses to the European Commission's **CMU Green Paper**. ESMA stressed the "essential" need to increase investor participation, which will require a greater level of investor confidence and trust in capital markets. The FCA echoed ESMA's comments on embedding investor protection, but also suggested that the CMU should "embrace the opportunities" of new technology and the gains from effective competition. The Bank of England argued that work should not centre on institutional change, but should instead focus on the removal of impediments to the functioning of capital markets.

ESMA also responded to the European Commission's consultations on other initiatives linked to the **CMU**. On the *Prospectus Directive*, it recommended an approach which would increase access to capital, but also offer a "robust level" of investor protection. Prospectuses should be more comprehensible, but efforts should be made to reduce the burden on issuers where possible. Regarding the consultation on *securitisation*, it underlined the need to assess the overarching impact of reforms to ensure a consistent, coherent approach. Investors should be incentivised to monitor ongoing risks and perform thorough due diligence of their securitisation investments.

The EBA *outlined* its upcoming work to harmonise regulatory and supervisory practices on **payments services**. It will request input from industry and other stakeholders on the second Payment Services Directive (PSD2), following the conclusion of political negotiations, which are in their final stages. The PSD2 mandate for the EBA is expected to include requirements to improve operational and security requirements for payment services. Furthermore, the EBA expects to commence work on RTS on the interchange fee regulation and will develop requirements to ensure payment card schemes and processing entities are independent from one another in terms of accounting, organisation and decision making processes.

Rethinking the domestic and international architecture for regulation

The **Queen's Speech** *included* plans to introduce the Bank of England Bill, to strengthen its governance and accountability. While the main elements of the proposal will be outlined later, it will help to align monetary policy, macroprudential policy and microprudential regulation, and implement the recommendations of the Warsh review of the Monetary Policy Committee's transparency practices and procedures. The Bill will also legislate for the appointment of Minouche Shafik, Deputy Governor, to the Court and the FPC.

EIOPA *reported* on its staffing and resource needs in order to assume its role and duties assigned by Solvency II. Based on its 2015 budget, it concluded that it will face a shortfall of 10 full-time staff members and over €2m, and called for urgent action from EU institutions to provide it with additional resources.

Disclosure, valuation and accounting

The EBA *updated* its Data Point Model (DPM) and Extensible Business Reporting Language (XBRL) taxonomy for **supervisory reporting** of funding plans and for supervisory benchmarking, under CRD IV. The updated taxonomy incorporates corrections to the funding plans and supervisory benchmarking reporting structures and specifies how separate variants of the reports will be used for the remittance of individual and consolidated data.

Information security and data privacy

The EBA *reported* that most member states comply, or intend to comply, with its guidelines on **internet payments security**. However, the UK was judged to be non-compliant since the FCA said it did not have the legislative power to impose binding rules requiring all payment service providers to comply with EBA guidelines. Instead, the FCA will incorporate the detail of the guidelines (or equivalent guidelines issued under PSD2) into its supervisory framework in line with the PSD2 timetable.

Financial crime

No new developments.

Other

The Joint Committee of the ESAs *published* its fifth report on **risks and vulnerabilities in the EU financial system**. It said that in the past six months, the major risks had remained broadly unchanged but had further intensified. These risks consisted of the effects on institutions of low growth, low inflation and volatile asset prices; search for yield behaviour; "conduct deterioration"; and IT risks and cyber-attacks. The ECB's latest Financial Stability Review (FSR) *agreed* that a prolonged period of low interest rates could contribute to risky search for yield behaviour and high asset valuations, but found that broad-based indicators of risk in the financial system generally fluctuated at low levels. The ECB asserted that the low overall level of financial system stress in the euro area "reflected an improving real economic outlook supported by ECB action".

The BBA announced that Sir Hector Sants will lead a review into the **competitiveness of the UK banking sector**. The review will investigate whether increased regulation and the possibility of the UK leaving the EU have affected the UK's reputation as an international investment centre. The review will be presented to the Government later this year, and will make recommendations on how to improve the competitive landscape.

The Payment Systems Regulator (PSR) *consulted* on clarifications to the FCA's consultation **on regulated fees and levies**. These relate to the set of firms on which PSR fees will be levied, and the use of the transaction data that the PSR will collect.

The FCA *released* its third Data bulletin providing highlights on outcomes of complaints about firms, Skilled Person reports and approved persons.

Contacts

Clifford Smout
Partner, EMEA Centre for Regulatory Strategy
+44 (0)20 7303 6390

John Andrews
Assistant Manager, EMEA Centre for Regulatory Strategy
+44 (0)20 7303 4694

Katya Bobrova
Assistant Manager, EMEA Centre for Regulatory Strategy
+44 (0)20 7007 2427

Sarah Kim
Associate, EMEA Centre for Regulatory Strategy
+44 (0)20 7007 1126

Ghulam Khan
Associate, EMEA Centre for Regulatory Strategy
+44 (0)20 7007 6415

Designed and produced by The Creative Studio at Deloitte, London. 45243A