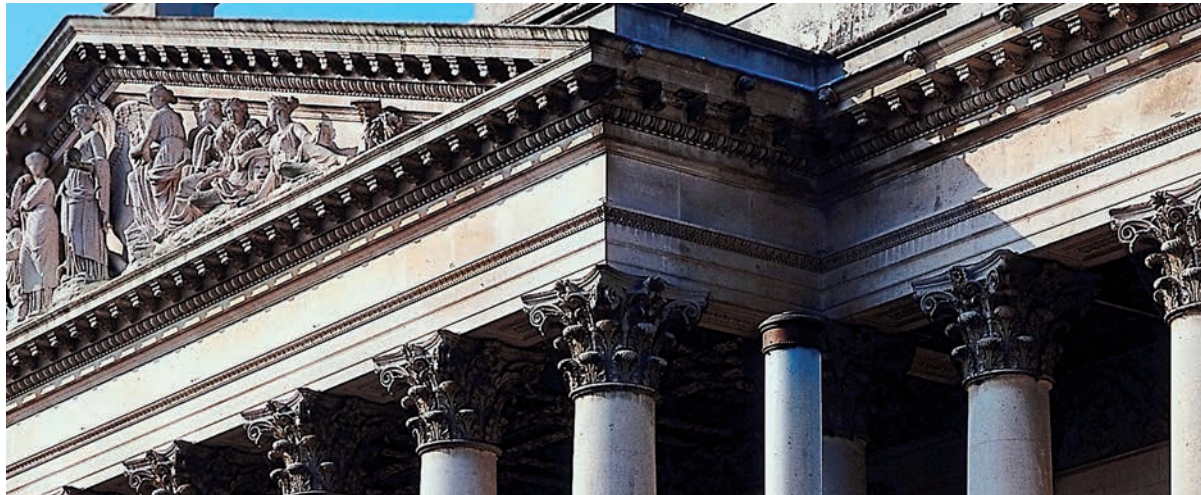


Risk and Regulation Monthly



October saw important announcements from the Basel Committee on Banking Supervision (BCBS) on the progress of its work on **risk-weighted assets**, the publication of the Bank of England's consultations on **ring-fencing rules and operational continuity in resolution**, and the extension of the UK **Senior Management and Certification Regime** to all firms in the financial services sector.

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Capital (including stress testing)

Stefan Ingves, Chairman of the BCBS, *spoke* about its work on **reducing variability in risk-weighted assets (RWAs)**, the progress achieved so far and the agenda over the next 18 months. By end-2015, the BCBS will consult on the internal ratings-based (IRB) and standardised approaches to credit risk, and finalise the market risk standard. On operational risk, the Committee will consult on a revised standardised approach and publish a proposal to eliminate the advanced measurement approach from the regulatory framework. In early 2016, it will conduct a quantitative impact study for the standardised approaches, and by end-year, it expects to complete its work on consolidating Pillar III disclosure requirements to include market risk, operational risk and capital floors.

The BCBS *reported* on the **consistency of RWAs for counterparty credit risk** based on results of a hypothetical test portfolio exercise to examine variability in banks' modelling of derivatives.

The report focused on the internal models method (IMM) and the advanced credit valuation adjustment (CVA) capital charge. It showed substantial variation in the outcomes of both, with the variability for CVA models higher than for the IMM. Key factors included differences in banks' modelling choices, and in supervisory practices. The report listed several good practices (e.g. consistency between front office pricing and IMM pricing, stress period selection for CVA), and areas where banks and supervisors might seek to harmonise practices to reduce variability in outcomes.

The BCBS *published* the responses to its consultation on the **review of the CVA risk framework**.

The BCBS *updated* its frequently asked questions (FAQs) on the **Basel III monitoring exercise** with clarifications on the definition of capital, the leverage ratio, liquidity, interest rate risk in the banking book (IRRBB) and operational risk. The BCBS also *published* FAQs on the **Basel III countercyclical capital buffer**, including clarifications on national buffer decisions, public disclosure requirements and the timing and frequency of changes in the buffer rates.

The BCBS *published* its ninth progress report on the adoption of the **Basel regulatory framework**. All 27 members have final risk-based capital rules in place, and most have published final liquidity coverage ratio (LCR) regulations. Members are now turning to the implementation of the leverage ratio, the systemically important bank framework and the net stable funding ratio (NSFR). By September 2016, the Committee will assess the consistency of risk-based capital standards of all member jurisdictions, including where relevant those for global systemically important banks (G-SIBs).

The Bank of England (BoE) *published* its approach to **stress testing the UK banking system** through to 2018. While it decided not to extend the scope of stress testing to smaller or foreign banks, the stringency of the test will be increased by changes to hurdle rates and the decision to include Pillar 2A buffers and requirements for G-SIBs. The BoE also decided to introduce two new stress scenarios, one of which will be carried out concurrently with stress tests planned by the European Banking Authority (EBA) in 2016.

The European Central Bank (ECB) *said* that aggregate and bank-by-bank results of the **comprehensive assessment** of nine banks for 2015 will be published in November. The assessment, comprising an asset quality review and a stress test, is being conducted in line with the methodology used in last year's exercise. Eight of these banks were not subject to the 2014 exercise, while the ninth is undergoing a stress test only.

The European Insurance and Occupational Pensions Authority (EIOPA) *modified* the methodology for calculating the relevant **risk-free interest rate term structures for Solvency II**, particularly the selection of financial instruments used to derive these structures and the treatment of governments bonds issued by European Economic Area (EEA) countries. It also *announced* that the ultimate forward rates to calculate the risk-free interest rate term structures will remain unchanged until at least the end of 2016.

The Prudential Regulation Authority (PRA) *published* a supervisory statement which set out its expectations that firms should comply with all of EIOPA's guidelines on system of governance and the **Own Risk and Solvency Assessment (ORSA)** under Solvency II. It did not cover supervision of branches of third-country insurance undertakings, which may be covered in a separate supervisory statement in future.

The European Commission *wrote* to EIOPA calling for further technical advice on the **identification and calibration of other infrastructure risk categories** including infrastructure corporates, by January 2016.

The European Commission *reported* on **capital requirements for covered bonds** under the Capital Requirements Regulation (CRR). The report suggested lower risk-weights for certain types of covered bonds such as guaranteed residential loans. The Commission will wait to review feedback before deciding whether the derogation should be applied to other types of bonds, such as those backed by securitisation instruments.

The EBA *published* an opinion on **mortgage lending value (MLV)** under the CRR. It said that the application of a harmonised concept of MLV could have a disruptive impact on the covered bonds market, and highlighted the operational consequences of a change in the valuation of immovable property collateral. In consequence it advised the European Commission to limit the scope of application of the Regulatory Technical Standards (RTS) on MLV to the credit risk area, credit risk mitigation and the large exposure framework, and not use it in the context of the covered bond preferential risk weight. Until the Commission clarified the scope of the mandate laid down in the CRR, the EBA will not work further on this mandate.

Liquidity

See item under capital relating to the BCBS FAQs.

Governance and risk management (including remuneration)

HM Treasury (HMT) *published* a policy paper detailing the measures on extending and reforming the **Senior Managers and Certification Regime (SM&CR)**, as set out in the Bank of England and Financial Services Bill that *was introduced* into Parliament. The Bill extends the scope of the SM&CR to cover all authorised firms (including insurers, investment firms, asset managers, insurance and mortgage brokers and consumer credit firms) and amends it by introducing a 'duty of responsibility', a statutory duty on senior managers to take reasonable steps to prevent regulatory breaches in their areas of responsibility, and removing the "reverse burden of proof". The Financial Conduct Authority (FCA) *published* a short public statement on these changes.

The PRA and the FCA *consulted* on proposals to require **employer references** when individuals move roles in **senior management or certification functions** in banks and insurers. Firms will have to request regulatory references from former employers going back six years. The PRA proposed a similar requirement in respect of candidates applying for a key function holder, notified non-executive director (NED), or credit union NED role.

The European Commission *consulted* on the impact of the **maximum remuneration ratio** on competitiveness, financial stability and staff in non-EEA countries. The ratio, which is part of the Capital Requirements Directive (CRD) IV, specifies that the variable remuneration of staff whose professional activities have a material impact on their employer's risk profile cannot exceed 100% (or 200% with shareholders' approval) of fixed remuneration. The consultation will also assess the overall efficiency of the CRD IV remuneration rules.

The PRA and FCA *published* policy statements on **whistleblowing in deposit-takers** with assets in excess of £250mn, PRA-designated investment firms and insurers. The rules require firms to put in place whistleblowing arrangements, present a whistleblowing report to the board annually and appoint a senior manager as a 'whistleblowers' champion'.

The PRA also *published* a supervisory statement which set out its expectations in relation to whistleblowing procedures, training and the whistleblowers' champion.

Conduct of Business (including MiFID)

HMT and the FCA *called for views* on how to improve customer access to financial advice as part of the **Financial Advice Market Review (FAMR)**. The FAMR intends to examine "advice" more broadly than the FCA's regulatory definition, and will focus on advice in relation to investment, saving into a pension and taking an income at retirement. HMT also *published* the terms of reference for the FAMR, specifying the scope and outputs of the review, including a package of reforms to facilitate the establishment of a broad-based financial advice market and create a regulatory environment for firms to compete and innovate to fill the advice gap; a set of principles to govern the operation of financial advice; measures to ensure standards of behaviour for firms; and proposals as to whether the regulatory perimeter for financial advice should be amended.

David Lawton, FCA's Director of Markets Policy and International, *spoke* about the timeline for the Markets in Financial Instruments Directive II/Regulation (MiFID II/MiFIR) rules, the FCA's plans for engaging with the industry and key changes introduced in the technical standards at the **FCA MiFID II conference**. The FCA will consult on MiFID II in December and at least once more in early 2016. David Geale, FCA's Director of Policy, *spoke* about investor protection at the same conference. He recapped on key areas of change including product governance rules, suitability of advice and due diligence, inducements, research and appropriateness, how these will affect the retail investment landscape in the UK, and other related workstreams such as the FAMR.

The Financial Stability Board (FSB) *reported* on the implementation of its recommendations on reforming **foreign exchange (FX) benchmarks**. The recommendations to enhance the calculation of the London fix had been implemented to a reasonable extent with further progress expected in the coming months, particularly in terms of using more data feeds and forming a user group. For foreign exchange benchmarks other than the London 4pm fix, the implementation of the recommendations was less advanced.

The Financial Markets Law Committee (FMLC) *published* a letter to the European Commission on non-deliverable forward (NDF) rate sources under the proposed **Benchmarks Regulation**. The letter suggested that if supervised entities were prohibited from using FX rate sources, there would have to be a significant realignment of market practice with possible attendant disruption to a large number of outstanding contracts.

Steven Majoor, Chair of ESMA (the European Securities and Markets Authority), *wrote* to Commissioner Hill notifying him that ESMA will delay submission of the draft MiFIR RTS on **indirect clearing for exchange-traded derivatives** to ensure its consistency with the European Market Infrastructure Regulation (EMIR) rules. ESMA will submit the outstanding MiFIR RTS and revised RTS under EMIR to the Commission following a new consultation on both standards.

The FMLC *published* a paper on indirect clearing of exchange-traded derivatives under MiFIR. The requirement for a clearing member to make payments of collateral to an indirect client ("leapfrog payments") in the event of a default by a direct client may conflict with existing insolvency laws of Member States, as well as insolvency rules in third countries to which a direct client may be subject.

The EBA *consulted* on the proposed **benchmark rate** that creditors must provide under the **Mortgage Credit Directive** as pre-contractual information to the consumer in the European Standardised Information Sheet. The proposed formula uses an existing external reference rate as a key input.

The Competition and Markets Authority (CMA) published a *summary and report* on its provisional findings in relation to its **retail banking market investigation** as well as *proposed measures* on remedies to improve customer engagement with their current accounts. The CMA did not propose measures to end free-if-in-credit (FIIC) accounts as it saw no convincing evidence to suggest that the FIIC model distorted competition and reduced customers' incentive to switch providers.

The FCA *consulted* on proposals in response to the **CMA payday lending market** investigation. The consultation covered additional conduct standards for price comparison websites and proposals for real-time data sharing, measures to improve shopping around, improved disclosure on the cost of borrowing, and increased transparency around the role of lead generators and credit brokers.

The FCA *called for inputs* to identify potential areas where **competition in the mortgage sector** could be improved. The FCA is expected to launch a market study in Q1 2016 which will examine both regulated and unregulated activities, and activities of businesses within the supply chain.

The FCA *published* a statement on **payment protection insurance (PPI) claims**. Before the end of 2015 it will consult on a number of issues, including a deadline for making a PPI complaint, which will not be before spring 2018. The FCA also decided to consult on proposed rules and guidance concerning the handling of PPI complaints in light of the *Plevin* judgment by the Supreme Court concerning a claim under the Consumer Credit Act 1974 about the non-disclosure by a lender of the level of commission on a PPI contract.

Payday lender **Dollar Financial UK (Dollar)** *agreed* to refund £15.4mn to 147,000 customers who may have suffered loss as a result of the firm's affordability checks, debt collection practices and systems errors. The agreement followed an investigation by a skilled person to determine if Dollar was treating its customers fairly.

EIOPA *consulted* on revised proposals for **product oversight and governance** arrangements by insurance undertakings and distributors. The previous consultation in October 2014 had focused on the former, but this consultation extended the guidelines to insurance distributors due to the recent political agreement on the Insurance Distribution Directive. The guidelines address internal processes and strategies for designing and bringing products to market, and monitoring and reviewing them over their life cycle.

The International Association of Insurance Supervisors (IAIS) *published* an issues paper on **conduct of business in inclusive insurance** (i.e. insurance products aimed at the excluded or underserved market). The paper provided an overview of the market, and of potential conduct issues that may arise.

The FCA *consulted* on **amendments to its Handbook** to remove a number of ineffective disclosure requirements and allow firms to communicate with their customers in a more flexible way. The changes will apply to insurance companies, authorised fund managers and investment firms.

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

The BoE *consulted* on the implementation of **ring-fencing rules**, with provisions for prudential requirements; intra-group arrangements; relationships with financial market infrastructures; governance; and compliance. The UK banks affected by ring-fencing have until 29 January to submit "near final" ring-fencing plans. Ring-fenced banks will have to meet prudential requirements on a sub-consolidated basis, including an Internal Capital Adequacy Assessment Process (ICAAP) and an Internal Liquidity Adequacy Assessment Process (ILAAP), and provision of a stress testing capability. Ring-fenced banks will need to put in place a framework to demonstrate compliance with all aspects of ring-fencing, but the PRA has not been prescriptive as to the form of this framework. The PRA will consult on its expectations of reporting for ring-fenced banks in 2016.

Andrew Bailey, BoE Deputy Governor, *spoke* about **progress on prudential regulation and areas to complete** at the City Banquet in Mansion House. He stressed that there was no watering down of the ring-fencing rules, but there will be "a degree of flexibility in how the requirements are implemented, recognising the differences in business models, legal structure and strategy of various firms".

The BoE also *consulted* on **ensuring operational continuity in resolution**. These rules will apply to ring-fenced banks and G-SIBs, but the BoE did not specify the full scope of application, which will be defined in an addendum to be published with its forthcoming consultation on the calibration of the minimum requirement for own funds and eligible liabilities (MREL). The consultation did not prescribe the exact method or process that firms must choose to house critical shared services, but adopted an outcomes-based approach and identified three options (or a combination of): a business unit within the firm, a non-regulated entity within the broader group or outsourcing the services to a non-group provider. The PRA will expect firms to demonstrate how the operational arrangement would remain functional in resolution and support the execution of recovery and resolution options. The financial resilience requirements for the operational entity remain (as originally proposed) at capital resources of 25% and liquidity resources of 50% of annual fixed overheads, although a number of new deductions to those overheads have been allowed. The PRA will expect the liquidity resources required for the operational entity's financial resilience to be segregated from other group assets, including potentially by holding those assets outside the group eg as deposits with third parties. The final rules will apply from 1 January 2019.

The EBA *published* its first analysis of **asset encumbrance** at almost 200 EU banks. The analysis showed that the average asset encumbrance ratio was 27% in March 2015 - a slight increase from 25.5% in December 2014 - ranging from close to 0% for Estonia up to 44% in Denmark and Greece. There was also wide dispersion across banks, with the highest values of above 80% reported by specialised mortgage lenders.

The EBA *consulted* on how confidential information collected under the **Bank Recovery and Resolution Directive (BRRD)** should be disclosed in summary or collective form without identifying individual institutions or entities. Disclosure should consider whether it related to a minimum number of three institutions, should not include any references to characteristics allowing the identification of individual entities, and should not take place under circumstances that would put individual entities at risk of identification.

The EBA *published* new **Q&As on the BRRD**, including on the application of MREL to holding companies, powers of resolution authorities to appoint members of management bodies in bridge institutions, the exclusion of liabilities from bail-in, and time windows for re-transferring third-party purchases to entities under resolution.

The European Commission *referred* the Czech Republic, Luxembourg, the Netherlands, Poland, Romania and Sweden to the Court of Justice of the EU for **failing to transpose the BRRD rules**.

The PRA *consulted* on its approach to **identifying “other systemically important institutions”** (O-SIIs) under CRD IV. Firms identified as O-SIIs from next year will not be required to meet higher capital requirements on account of being an O-SII. For now there “will not be a significant departure from existing supervisory procedures and intensity”, but the PRA may strengthen its supervisory stance towards O-SIIs in future.

IAIS *published* the first version of the **higher loss absorbency (HLA)** capital requirement to apply to **global systemically important insurers (G-SIIs)** from January 2019. The HLA formula utilises a factor-based approach. It applies specific factors to a G-SII’s exposures based on the same components found in the Basic Capital Requirement (BCR) formula. In order to reflect systemic risk sensitivity the HLA also utilises a bucketing approach that assigns G-SIIs to a low, mid or high bucket of systemic importance. The mid bucket utilises factors 50% higher than the low bucket, with the high bucket similarly utilising factors 50% higher than the mid bucket. The capital surcharge will be applied to non-traditional and non-insurance activities as well as traditional insurance. The IAIS’s proposals were *endorsed* by the FSB.

Regulatory perimeter

The final adopted text of the revised **Payment Services Directive** (PSD 2) *was published*. It set out provisions for online payments in order to make them safer and included data protection and liability rules for all online payment service providers. Member States will have two years to introduce the necessary changes in their national laws and comply with the new rules set out in PSD 2.

ESMA *published* draft RTS for the central clearing of certain **Credit Default Swaps** (CDSs) under EMIR. The new rule on index CDS mirrors the overall approach adopted for the clearing obligation for interest rate classes, in particular with regards to the categorisation of counterparties, the scope for frontloading and the treatment of intragroup transactions. ESMA also *published* the responses to its consultation on its RTS regarding CCP client accounts under EMIR.

ESMA published technical advice on *reducing reliance on credit ratings*, and *competition, choice and conflicts of interest in the credit ratings industry*. It also *published* a report on the possibility of establishing mappings of credit ratings published on the European Rating Platform, a public online database that will be used to publish all credit ratings and rating outlooks that are issued or endorsed by the registered and certified CRAs.

HMT *consulted* on implementation of the Undertakings for Collective Investments in Transferable Securities (**UCITS V Directive**), particularly structural issues that will require changes to the Financial Services and Markets Act (FSMA) and secondary legislation. HMT will be in charge of implementing provisions on UCITS depositories, including on liability in the case of losses of financial instruments in custody, as well as provisions related to sanctions. The FCA will separately consult on more technical changes.

Steven Maijoor, as ESMA Chair, *spoke* about its advice on the application of the **Alternative Investment Fund Managers Directive** (AIFMD) passport to non-EU AIFMs and AIFs; and ESMA’s opinion on the functioning of the AIFMD EU passport and of the national private placement regimes. While ESMA will continue to assess the extension of the passport to Hong Kong, Singapore and the US, it will also start to assess Australia, Canada, Japan, the Cayman Islands, the Isle of Man and Bermuda. ESMA will focus on putting in place the framework desired by the co-legislators if the passport is extended, including strengthened supervisory cooperation.

Steven Maijoor also *spoke* about the potentials of and challenges for **EU crowdfunding** and stressed ESMA’s commitment to establishing crowdfunding as a source of finance, while ensuring that risks to users were addressed in a convergent way across the EU.

Mary Starks, FCA’s Director of Competition, *spoke* about **disruptive innovation in financial markets**. She said the FCA was unusual amongst financial regulators in having a competition mandate, supporting value generation through Project Innovate, the Innovation Hub, the Payment Systems Regulator, and attention to disruptive business models.

Rethinking the domestic and international architecture for regulation

Danièle Nouy, Chair of the ECB’s Supervisory Board, *spoke* about its key achievements during the first year of **the Single Supervisory Mechanism (SSM)**, including progress in the areas of the Supervisory Review and Evaluation Process (SREP) and options and national discretions; and its future priorities. The latter will include further work on credit risk, IT and cybercrime risks, an EU-wide stress test in 2016 and introduction of the FSB’s total loss-absorbing capacity (TLAC) standard. She also *set out* guidance on how **the proportionality principle is applied in the SSM**, particularly in the areas of supervisory reporting and supervisory fees, direct supervision of significant banks and the oversight of less significant banks.

The **International Organization of Securities Commissions (IOSCO)** published a statement following the meeting of its Board in Toronto. The Board discussed progress of IOSCO's work on asset management, cross-border regulation and corporate governance. It decided to launch a global certificate programme for securities regulators, enhance collection of data on asset management activity and publish a report on liquidity risk management in collective investment schemes.

The PRA updated its supervisory statement on **reports by skilled persons**. Commissioning reports by skilled persons was a discretionary tool and used rarely for enforcement. Instead, firms should engage in dialogue with their supervisors in order to avoid external reviews and the costs imposed by them.

Tracey McDermott, FCA's Acting Chief Executive, spoke about the **long-term sustainable approach to regulation**. The recent volume of regulatory activity "was not sustainable", but there was a danger that the desire to reduce unnecessary regulation could "swing too far in the other direction". Regulation should be used to "drive the right incentives and conditions for healthy, competitive and innovative markets, which deliver good outcomes for markets and consumers". It was important to assess whether rules were delivering the expected benefit, but also of "swimming against the tide" to address emerging risks or practices that were undesirable.

Disclosure, valuation and accounting

The PRA published a supervisory statement on **reporting and public disclosure** and options provided to supervisory authorities under **Solvency II**. It set out its expectations of firms where Implementing Technical Standards (ITS) on supervisory reporting and public disclosure permit supervisory authorities to specify different approaches, or require supervisory authorities to issue instructions. The statement may be updated if the ITS change substantially. Meanwhile, EIOPA updated its **Solvency II** reporting package for the first submission obligations for the first and second financial quarters.

The Legal Entity Identifier Regulatory Oversight Committee (LEI ROC) consulted on **incorporating data on branches into the global LEI system**.

The EBA consulted on its draft guidelines on the **communication between competent authorities** supervising credit institutions and statutory auditors of those institutions. The guidelines include provisions on the scope of information shared, participants, frequency and timing of communication.

Information security and data privacy

The UK Information Commissioner's Office (ICO) issued a **statement on transfers of personal data to the US**. In October, the Court of Justice of the EU ruled that a decision made by the European Commission over a decade ago permitting transfers of personal data to the US to take place was 'invalid', casting doubt on the use of the scheme to legitimise EU-US data transfers. The ICO underlined that UK businesses should avoid rushing to change transfer mechanisms, but review existing transfers of personal data to the US as the impact of the ruling continues to be analysed. See Deloitte's *article* on the ruling.

The BoE published minutes from a meeting of its Court of Directors on the measures being taken to improve **cyber security and resilience** in the financial services sector. Directors expressed concerns that companies were not doing enough to conduct regular cyber security testing across their network, potentially increasing vulnerability to cyber-attacks. As a result, the BoE confirmed that it is increasing pressure on companies to participate in the CBEST cyber testing programme. Andrew Gracie, BoE Executive Director for Resolution, clarified that this programme was now viewed as near mandatory for larger financial services firms.

Financial crime

The FCA **banned Kweku Mawuli Adoboli**, a former trader at UBS AG, from performing any function in relation to any regulated financial activity following a sentence of seven years' imprisonment. It also **banned Magnus Michael Peterson**, formerly of Weaving Macro Fixed Income Fund Limited, from performing any function related to any regulated activity following convictions of fraud, forgery, false accounting and fraudulent trading.

The European Supervisory Authorities (ESAs) consulted on two **anti-money laundering and countering the financing of terrorism (AML/CFT) guidelines**. The *risk-based supervision guidelines* are aimed at the authorities, specifying the characteristics of a risk-based approach to AML/CFT supervision and setting out expectations in relation to the allocation of supervisory resources. The *risk-factor guidelines* are addressed both to industry and the authorities, on the factors firms should consider when assessing money laundering and terrorist financing risk in their business relationships and transactions, as well as providing guidance for the authorities in how to assess firms' systems and controls.

The Financial Action Task Force (FATF) *published* outcomes of its **plenary meeting**, including work on countering terrorist financing and jurisdictions' compliance with the FATF recommendations. On de-risking (where financial institutions terminate or restrict business relationships with categories of clients to avoid risk, rather than manage it in line with the FATF's risk-based approach) the FATF clarified regulatory expectations in the form of guidance on correspondent banking, best practices on customer due diligence and a standard to help governments identify non-profit organisations most vulnerable to terrorist financing abuse.

The FATF *reported* on emerging **terrorist financing methods and phenomena**. It found that traditional terrorist financing methods continue to evolve and still represent significant risks. The adaptability of terrorist organisations required authorities to monitor how these traditional techniques were used. It also found significant new vulnerabilities associated with social media, electronic, online and new payment methods.

HMT and the Home Office *published* their first **money laundering and terrorist financing national risk assessment (NRA)**. The NRA found that the size and complexity of the UK financial sector meant the UK is more exposed to criminality than other countries. There were significant intelligence gaps, particularly in relation to "high-end" money laundering. It said that the collective understanding of law enforcement agencies and supervisors was limited, and the effectiveness of the supervisory regime inconsistent.

Other

Mark Carney, BoE Governor, *spoke* about the **impact of UK membership of the EU** on the Bank's ability to achieve its core objectives of maintaining monetary and financial stability, highlighted in the BoE *report*.

The European Commission *published* its **work programme for 2016**, which included initiatives on the Trade and Investment Strategy and the Five Presidents' Report on Deepening Economic and Monetary Union. Similarly, ESMA *published* its work programme for 2016 (with its key priorities focused on supervisory convergence, MiFID II and MiFIR, and data collection and management) and the EBA *published* its work programme, with a shift in focus from technical standards and guidelines under CRR to building consistent supervisory practices and culture, and enhancing its data infrastructure. The Joint Committee of the ESAs also *published* its work programme, prioritising consumer protection, in particular Packaged Retail and Insurance-based Investment Products (PRIIPs), as well as cross-sectoral risk analysis.

The FCA *published* its latest **policy development update**, covering UCITS V implementation, the Payment Systems Regulator (PSR) regulatory fees, Approved Persons Regime, consumer credit, ring-fencing and foreign banks accountability.

The FCA *published* the fourth edition of its **data bulletin** focused on channels that consumers and firms use to communicate with the FCA, such as the Freedom of Information Act and complaints procedures. It also included updates on previous publications, particularly on authorisation of consumer credit firms.

The Committee on Payments and Market Infrastructures (CPMI) *published* a report on **correspondent banking**. The report reviewed technical measures relating to (i) know your customer (KYC) utilities, (ii) increased use of Legal Entity Identifiers, (iii) information-sharing mechanisms, and (iv) improvements in payment messages; and put forward recommendations for consideration by the industry and authorities.

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