


Seminar programme 2025



A&O SHEARMAN

- Thank you for joining today's '**2025: new horizons for financial services regulation**' seminar. We will begin shortly.
- On joining the session your microphone will be muted and your video turned off. You will not be able to activate these during the session.
- To submit a question please click on  and type your question into the chat box that appears.
- The session is being recorded. The slides and recording will be made available online at seminars.aoshearman.com.
- If you experience any technical issues, please submit these to the host via the Q&A chat box or please call +44 203 088 3400.

2025: New horizons for financial services regulation

Bob Penn, Nick Bradbury, Thomas Donegan, Nikki
Johnstone, Jean Price

29 JANUARY 2025



Agenda

01 New horizons

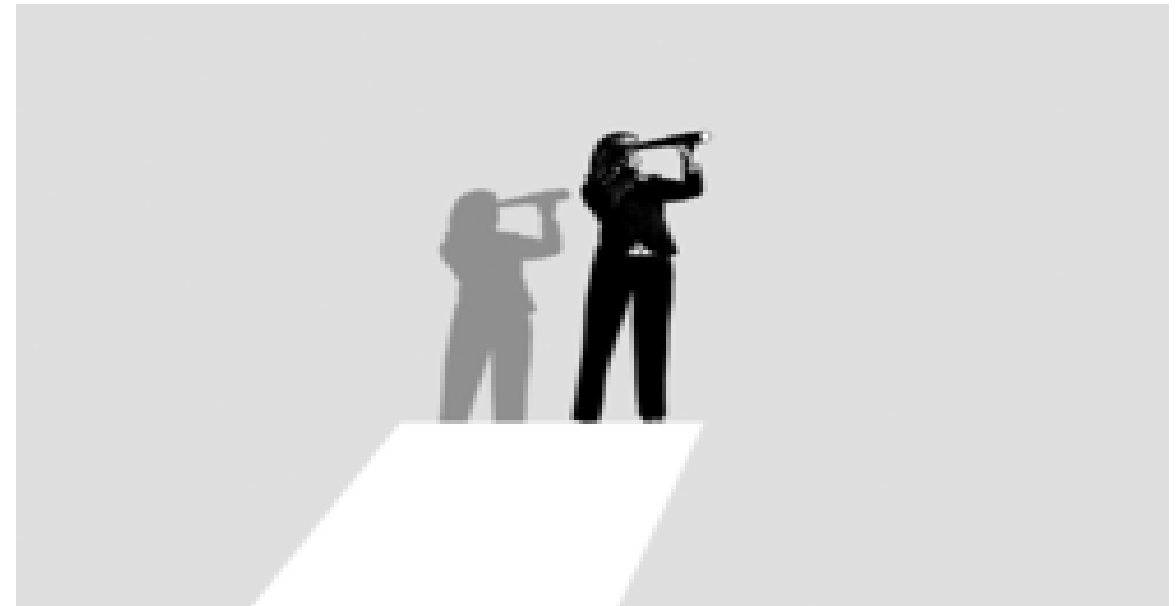
02 Cross-sector

03 Markets regulation

04 Fintech/crypto/payments

05 Consumer finance

06 Bank regulation



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New horizons

New horizons, same tensions?

01

Competitiveness agenda

02

Strategic autonomy

03

Fragmentation



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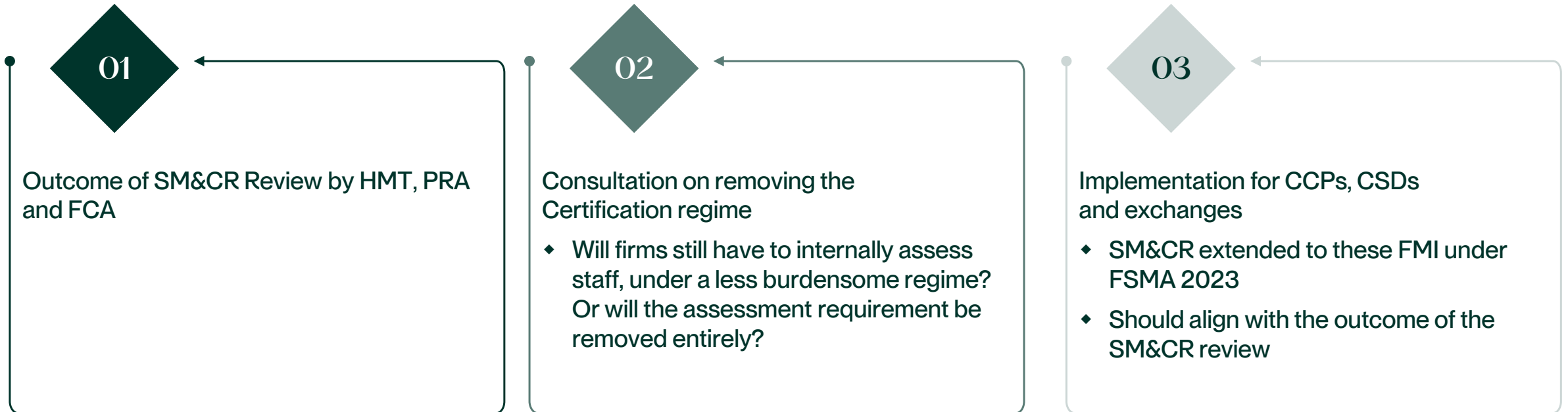
Cross sector

Programme of reform to revoke and replace assimilated law

Repealed	Done	In Progress	Next Tranche	Remaining Files	
Long-Term Investment Fund (UK Long Term Asset Fund regime)	Securitisation Regulations 2024 and related PRA and FCA rules	Public Offers and Admissions to Trading Regulations 2024; FCA's final rules due in 2025	UCITS Directive	Benchmark Regulation	Market Abuse Regulation
	Data Reporting Services Regulations 2024 and related FCA rules	Draft Money Market Funds Regulations; FCA final rules expected	AIFMD	Cross-border Payments Regulation	Taxonomy Regulation
	MiFID II: various, e.g., removal of DVC and share trading obligation	Consumer Composite Investments (Designated Activities) Regulations 2024; FCA final rules expected in 2025	Payment Services Directive	CRR / CRD – implementation of Basel 3.1	Sustainable Finance Disclosures Regulation (SFDR)
	ETS Directive	Short Selling Regulations 2025; FCA proposals expected in 2025	E-Money Directive and Regulation	IFR / IFD	CSDR
	Solvency II	MiFID Org Regulation	MiFID II (2024 Mansion House announcements)	Financial Collateral Regulation	Settlement Finality Directive
	Insurance Mediation Directive		EMIR (certain parts relating to CCPs)	Securities Financing Transactions Regulation (SFTR)	Credit Rating Agencies Regulation
	Insurance Distribution Directive		CRR (unrelated to Basel 3.1)	Equivalence regime	
	REMIT				

U.K.: SM&CR

Expected in 2025



U.K.: SM&CR

SENIOR MANAGER FUNCTION (PRA AND FCA)

Chief Executive Officer	Chair of the Nomination Committee
Chair of Governing body	Head of Key Business Area
Chief Finance	Senior Independent Director
Executive Director	Compliance Oversight
Chief of Risk Committee	MLRO
Chair of Audit Committee	Group Entity Senior Manager
Chief Risk	Chief Operations
Chair of the Remuneration Committee	Other Overall Responsibility
Head of Internal Audit	

CERTIFICATION FUNCTIONS

Significant Management Function

Proprietary traders

CASS Operational Oversight Function

Functions subject to qualification requirements

The client dealing function

Anyone who supervises or manages a Certified Function (directly or indirectly), but isn't a Senior Manager

Material Risk Takers

Algorithmic trading

U.K.: Enforcement

Q1 2025: FCA final new approach to publicising enforcement investigations

1

Following strong criticism of its original proposals, the FCA published revised proposals in November last year

2

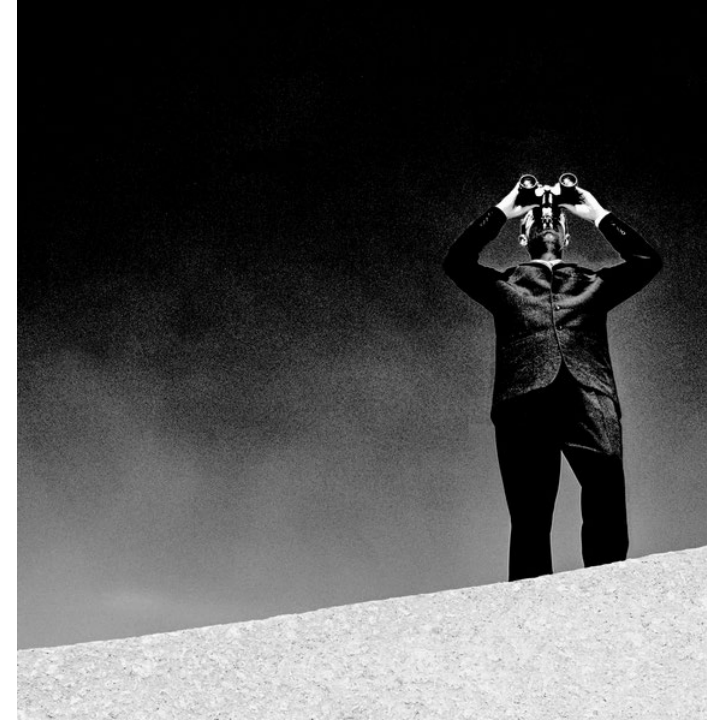
Proposed amendments are to the:

Public interest test:

- ◆ Including in the test, the impact of an announcement on the relevant firm, which would be central to the FCA's consideration of whether to announce an investigation and name the firm
- ◆ Adding a new factor of the potential for an announcement to seriously disrupt public confidence in the financial system or the market

Time firms have for responding to notices of proposed announcements

- ◆ A firm will be given 10 business days' notice (originally the FCA had proposed one day) to make representations, with a further two business days' notice of publication of any announcement if the FCA decides to proceed after taking these representations into account.



EU: Highlights from the Draghi Report

Reduce regulatory burden

- ◆ Assess and rationalise regulatory requirements

Banking union

- ◆ Introduce a separate regime for EU banks with substantial cross-border operations, including EU-level resolution and a separate deposit insurance system

Commodity derivatives

- ◆ Revise financial position limit rules or other measures to support orderly pricing, clearing and settlement of energy futures

MiFID II ancillary activity exemption

- ◆ Bring energy market traders into scope of financial regulation to improve transparency and reduce misconduct risk



Financial collateral

- ◆ Introduce a common EU safe asset to facilitate collateralising financial transactions (cleared and non-cleared transactions)

Prudential regulation

- ◆ Assess whether the prudential regime ensures a safe and competitive banking system

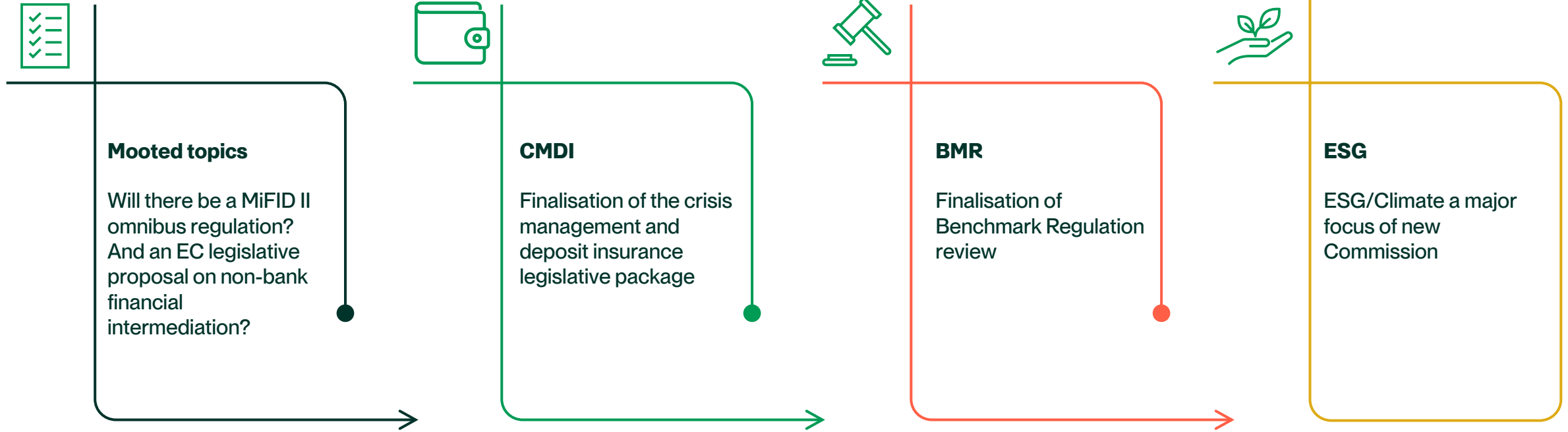
CMU

- ◆ Progress harmonisation of the EU insolvency framework

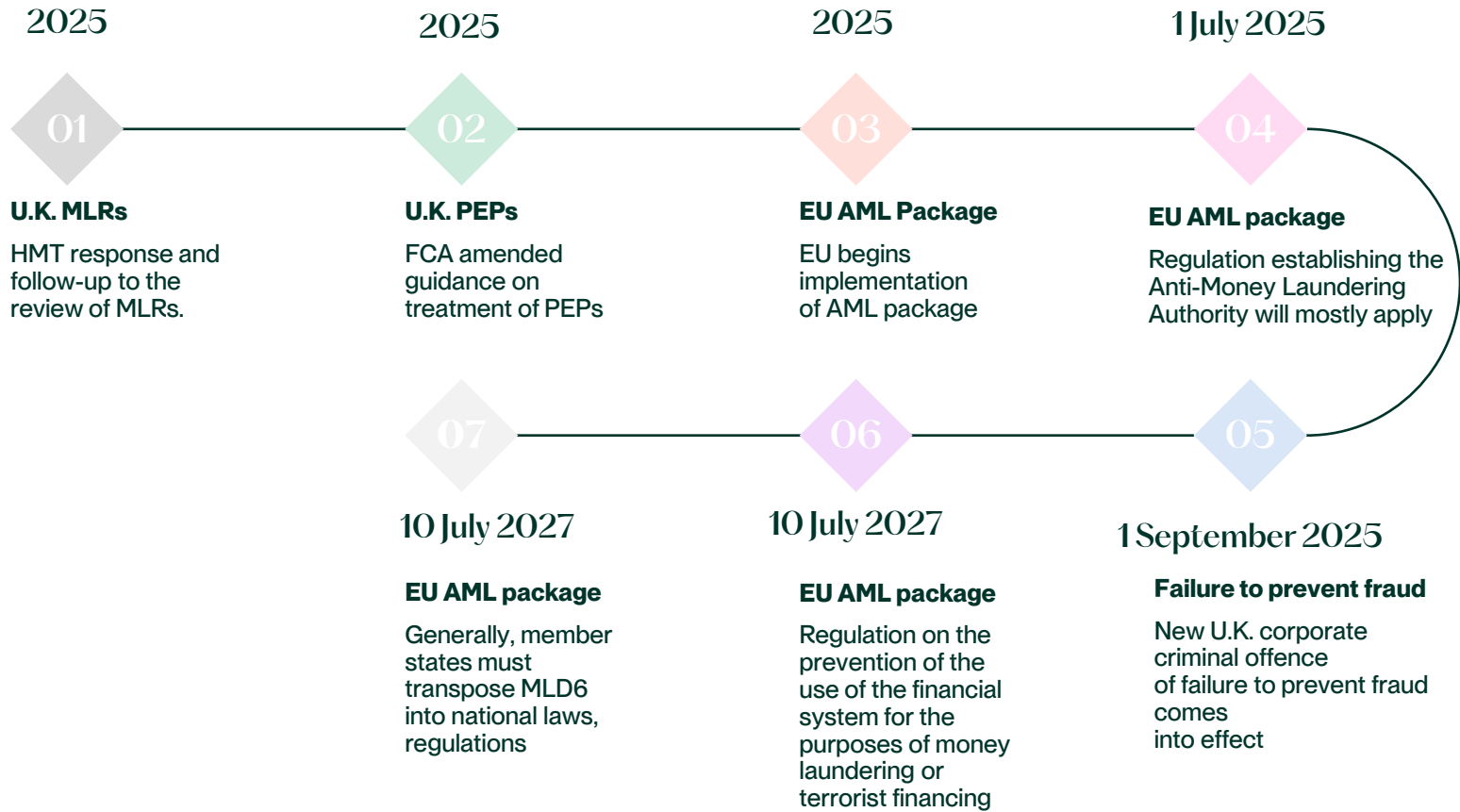
CMU

- ◆ Introduce a single central counterparty platform and a single central securities depository for all security trades across the EU

EU: A few of all the rest for 2025

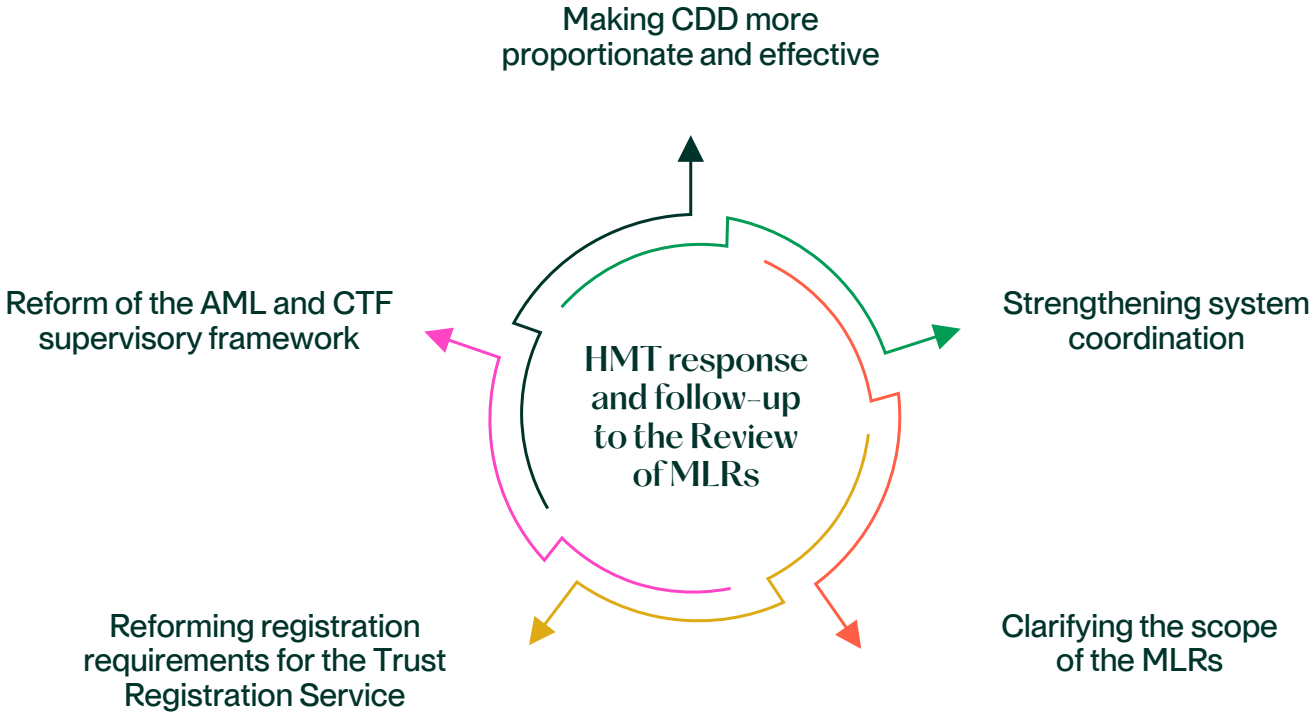


U.K. and EU: Financial crime/AML (1/3)



U.K. and EU: Financial crime/AML (2/3)

HMT response and follow-up to the Review of MLRs



U.K. & EU: Financial crime/AML (3/3)

FCA review under FSMA 2023 identified areas for improvement and has called on firms to:

- ensure their definition of a PEP, family member or close associate is tightened and in line with the MLRs and the FCA's guidance
- review the status of PEPs and their associates promptly once they leave public office
- communicate to PEPs effectively and in line with the Consumer Duty, explaining the reasons for their actions where possible
- effectively consider the actual level of risk posed by the customer, and ensure that information requests are proportionate to those risks
- improve the training offered to staff who deal with PEPs

The FCA also proposed changes to its guidance, including:

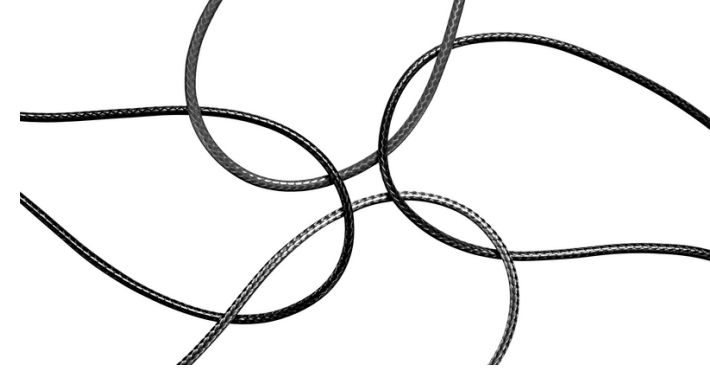
- reflecting the amended MLRs, such that that the starting point for a firm's risk assessment is that U.K. PEPs should be treated as lower risk than foreign PEPs;
- clarifying that non-executive board members of civil service departments should not be treated as PEPs solely for that reason;
- introducing flexibility in who can approve or sign off PEP relationships within firms, provided the MLRO continues to have oversight of all PEP relationships; and
- additional non-substantive changes including removing references to EU guidance.

The FCA stated that the improvements identified in its review should be implemented last year; firms should not wait for the final updated guidance

The MLRs were amended following concerns that banks and other financial institutions were imposing overly burdensome requirements for information and, in some instances, denying accounts to U.K. politicians and their family members, and also follows the furore over the de-banking by NatWest Bank of the prominent U.K. politician Nigel Farage, which led to the resignation of its CEO

- Similar changes seem to be coming in the U.S.

EU ESG



European Commission has proposed an Omnibus Regulation simplification package to be published on 26 February 2025.



Proposals are expected to include streamlining of EU Taxonomy Regulation, Corporate Sustainability Reporting Directive and Corporate Sustainability Due Diligence Directive.



Intention is not to change content of the law, but to reduce burdens and duplication of requirements.

EU Corporate Sustainability Reporting Directive

01 Introduces comprehensive and detailed sustainability-related reporting requirements, which are a material enhancement of existing non-financial reporting rules.

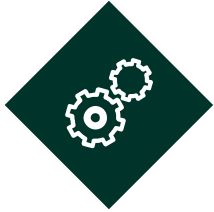
02 Forms part of annual financial and management reporting.

03 First cohort of firms to report in 2025 on the 2024 financial year.

04 Various detailed reporting standards and guidance expected to be published in 2025.

WHICH UNDERTAKINGS?	REPORTING FOR THE FIRST TIME IN?	FOR FINANCIAL YEARS STARTING ON OR AFTER?
Large EU undertakings/parents of a large group which are “public interest entities” (“PIEs”) and exceed an average of 500 employees during financial year	2025	1 January 2024
Large non-EU undertakings/parents of a large group which have EU-listed securities and exceed an average of 500 employees during financial year		
Other large EU undertakings/parents of a large group which are not PIEs exceeding an average of 500 employees during financial year	2026	1 January 2025
Other large non-EU undertakings/parents of a large group which have EU-listed securities but do not exceed an average of 500 employees during financial year		
EU and non-EU listed SMEs (except micro undertakings) and certain EU small and non-complex institutions and captive insurance undertakings	2027	1 January 2026
Certain EU subsidiaries and EU branches of third country undertakings in scope of Art. 40a, CSRD (i.e., that have material EU business)	2029	1 January 2028

EU Corporate Sustainability Due Diligence Directive



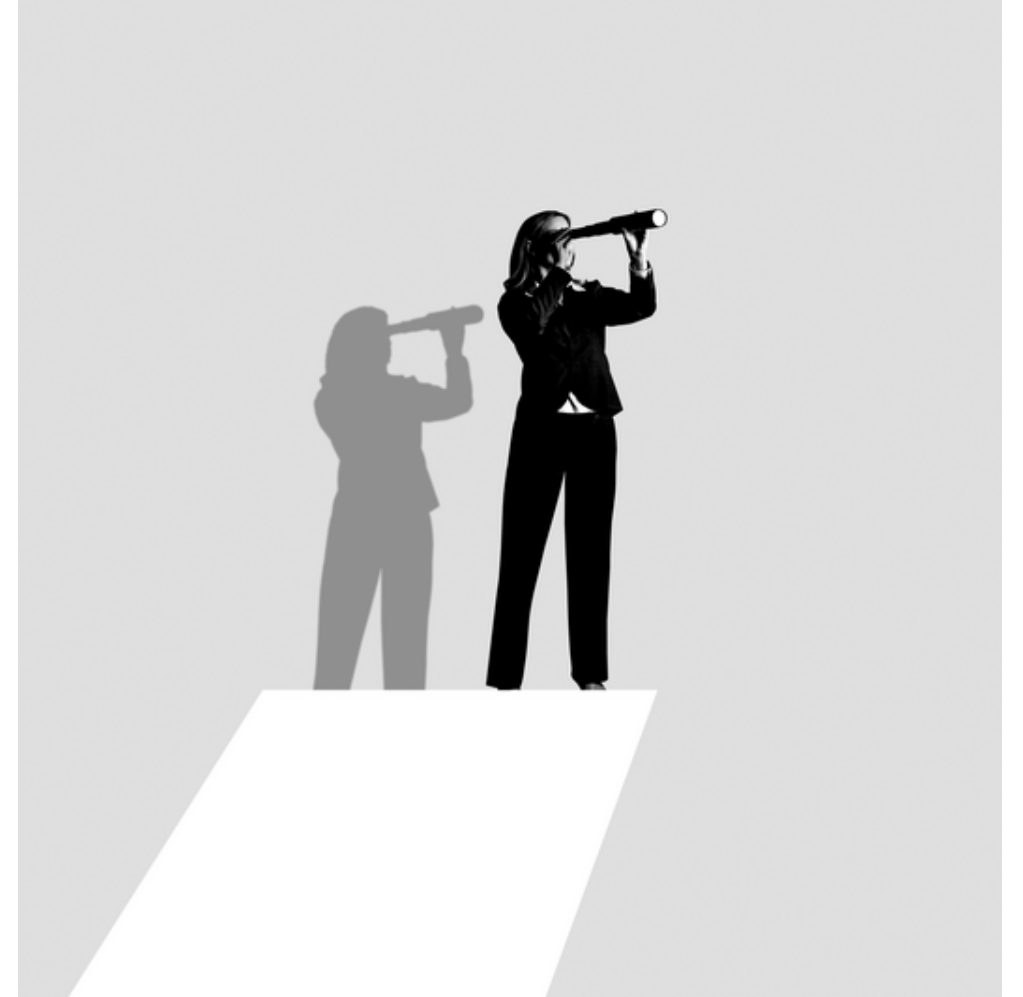
Requires due diligence on supply chains and sustainability matters by (among others) large EU companies and large non-EU companies which meet turnover and employee threshold tests



Came into force in July 2024 and must be transposed into EU member state regimes by 26 July 2026. No major developments slated for 2025, but firms should look out for proposals arising from Omnibus Regulation package.



Under CSDDD, due diligence should be carried out into human rights and environmental adverse impacts throughout production, distribution, transport and storage of a product or provision of services at the level of the company's own operations, its subsidiaries and business partners in the "chain of activities". There is a carve-out for regulated financial undertakings, meaning only upstream business partners are in scope.



Other EU ESG developments



01

LABELLING REGIMES AND GREENWASHING

ESMA guidelines on funds' names using ESG or sustainability-related terms began applying on 21 November 2024.

New funds created on or after that date were required to apply the guidelines immediately. Funds existing prior to that date have until 21 May 2025 to apply the guidelines.

02

DEFORESTATION REGULATION

Application of EU Deforestation Regulation has been postponed for one year until 30 December 2025 to help companies with a smooth implementation.

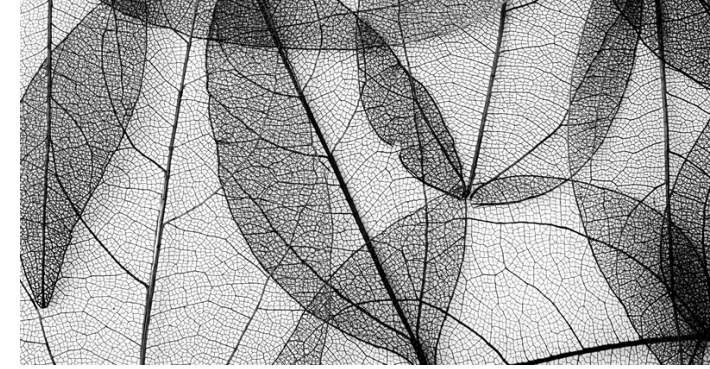
The Regulation is designed to tackle deforestation related to EU consumption of certain products (cocoa, palm-oil, soy etc.) by introducing due diligence rules in relation to those products being made available in the EU.

03

SUSTAINABLE FINANCE DISCLOSURE REGULATION

Possible publication of full report on strengths/weaknesses and evolution of SFDR regime in 2025.

Other EU ESG developments (Cont'd)



04

ESG RATINGS REGULATION

Entered into force on 1 January 2025 and will apply from 2 July 2026. Aims to improve reliability, comparability and transparency of ESG ratings.

05

EU GREEN BOND REGULATION

Introduces European Green Bond label as a voluntary designation by bond issuers. Applies for the most part from 21 December 2024. Remains to be seen how popular this label will be, including in light of the new U.S. administration.

06

EU TAXONOMY REGULATION

Platform on Sustainable Finance has published this year (January 2025) a draft report and call for feedback on activities and technical screening criteria to be updated/included in the EU taxonomy. Draft report contains recommendations but is not an official EU Commission consultation.

U.K. ESG

The Labour government made a manifesto commitment to make the U.K. the green finance capital of the world.

The following developments are expected in 2025 as the U.K. considers whether to follow the suit of the EU:

U.K. SUSTAINABILITY REPORTING STANDARDS

U.K. government plans to consult on exposure drafts in Q1 2025; if positive endorsement is made, FCA to introduce requirements for U.K.-listed companies.

U.K. government to make decision on requirements for other U.K. companies in Q2 2025.

SUSTAINABILITY DISCLOSURE RULES, LABELLING AND ANTI-GREENWASHING

Regime began to take effect in 2024. After 2 April 2025, FCA temporary flexibility on naming and marketing rules for UK-authorized investment funds comes to an end.

Expansion of SDR rules expected in 2025 – FCA to publish policy statement in Q2 2025 on application to portfolio management. HMT expected to publish consultation on expansion to overseas firms in 2025.

U.K. GREEN TAXONOMY

HMT consultation on value of a taxonomy closes on 6 February 2025.

ESG RATINGS PROVIDER

HM Treasury plans to lay SI on ESG ratings providers in early 2025 and FCA to then publish consultation on draft rules and guidance.

VOLUNTARY CARBON AND NATURE MARKETS

Department for Energy Security and Net Zero to consult on proposed implementation of principles and ways to improve integrity of markets in early 2025.

TRANSITION FINANCE MARKET REVIEW

TFMR report published in October 2024; HMT has confirmed it will co-launch Transition Finance Council and consult in H1 2025 on how to progress transition plans manifesto commitment.

U.K. and EU: Artificial intelligence

<p>U.K. U.K. consultation on legislation regulating the largest providers of AI systems following the Government’s response to the House of Commons Science, Innovation and Technology Committee report on the governance of AI</p>		<p>EU AI Act Rules on GPAI models apply, and provisions on penalties</p>	
<p>2025</p>	<p>2 FEBRUARY 2025</p>	<p>2 AUGUST 2025</p>	<p>2 AUGUST 2026</p>
	<p>EU AI Act Certain AI systems will be prohibited</p>		<p>EU AI Act EU AI Act mostly applies</p>

EU: Artificial intelligence

One of the key issues for financial institutions will be to determine their status under the EU AI Act each time they are using, deploying or distributing AI models or solutions.

Provider	A natural or legal person that develops, or has developed, an AI system or GPAI model and places it on the market or puts it into service under its own name or trademark, either for payment or free of charge (e.g., Open AI). Product manufacturers may be considered to be a Provider in certain situations.
Deployer	An individual or legal person using an AI system under its authority, except where the AI system is used in the course of a personal non-professional activity.
Importer	An EU individual or company that places on the EU market an AI system that has the name or trademark of a third-country individual or company.
Distributor	An individual or company in the supply chain (other than the provider or importer) that makes an AI system available on the EU market.
Authorised representative of a non-EU provider	A natural or legal EU person who has received and accepted a written mandate from a provider of an AI system or GPAI model to perform and carry out on its behalf the obligations and procedures under the AI Act.

EU: Artificial intelligence

For providers and deployers of **high-risk AI systems** that are regulated financial institutions subject to internal governance, arrangements or processes requirements under the EU’s financial services legislation, limited derogations apply, and they can integrate the record-keeping and log keeping arrangements with those under EU financial services law.

Minimal risk	AI systems are free from regulatory obligations under the AI Act
Limited risk	AI systems are essentially subject to transparency obligations, for example, disclosing that the content was AI-generated so users can make informed decisions on further use
High risk	<p>AI systems are subject to more onerous obligations, such as:</p> <ul style="list-style-type: none">◆ Risk management systems must be established, implemented, documented and maintained◆ Detailed technical documentation that provides clear and comprehensive explanations of how the AI system is in compliance◆ Design and development of AI system must ensure that their operation is sufficiently transparent to enable deployers to interpret the system’s output and use it appropriately, including instructions for use◆ Training, validating and testing of high-quality data sets that are subject to appropriate data governance and management practices◆ AI system must have an appropriate level of accuracy, robustness, and cybersecurity, and AI system must perform consistently throughout its lifecycle◆ Ensuring the AI system is capable of being subject to human oversight, which must be commensurate to the risks, level of autonomy and context of use of the AI system◆ Quality management systems to be established. These will include an accountability framework setting out responsibility of senior management and staff for all aspects, strategy for regulatory compliance, handling communications with regulatory authorities and others, record keeping, resource management, systems and procedures for data management, technical specifications and standards, examination, test and validation procedures, techniques, procedures and systematic actions to be used for the design, development, quality control and quality assurance of the AI system and the risk management system, post-market monitoring system and procedures for serious incident reporting
Unacceptable risk	AI systems that are prohibited because they have harmful effects on users. These prohibited systems are deemed to be “unacceptable,” and include, for example, cognitive behavioural manipulation, the untargeted scraping of facial images from the internet or CCTV footage, emotion recognition in the workplace and educational institutions, social scoring and biometric categorisation to infer sensitive data

U.K.: Artificial intelligence

Following the government's announcement that it will consult on legislation to bring in requirements for the largest AI models, the U.K. seems to be pressing towards an AI act of its own

01

02

Financial institutions should look out for the U.K. government's:

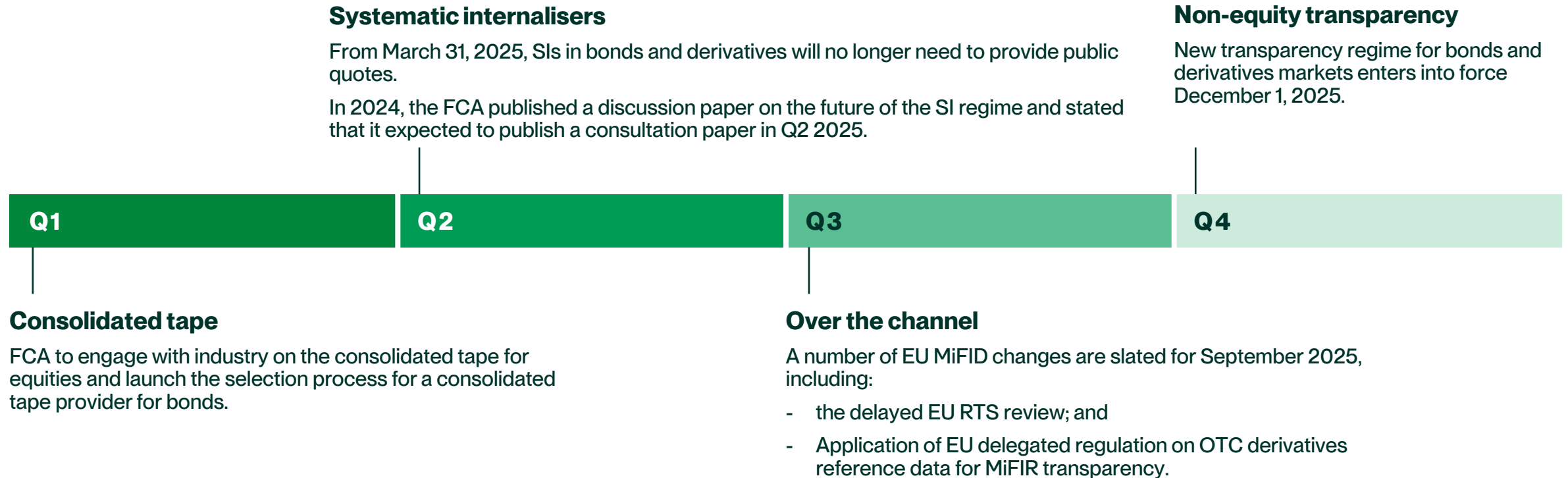
- ◆ consultation on applying legislative requirements on the most powerful AI models; and
- ◆ implementation of the AI Opportunities Action Plan as business possibilities may arise

Take note:

- ◆ Government response to the the House of Commons Science, Innovation and Technology Committee report on the Governance of AI
- ◆ Government response to ecommendations made in the independent report of Matt Clifford, the AI Opportunities Action Plan.

Markets regulation

MiFID highlights in 2025



MiFID Org Regulation Review

FCA CP 24/24

The FCA published a consultation paper in Q4 2024 on the MiFID Organisational Regulation.

Chapter 4 of the CP included a number of EU-derived organisational and conduct rules that may be changed.



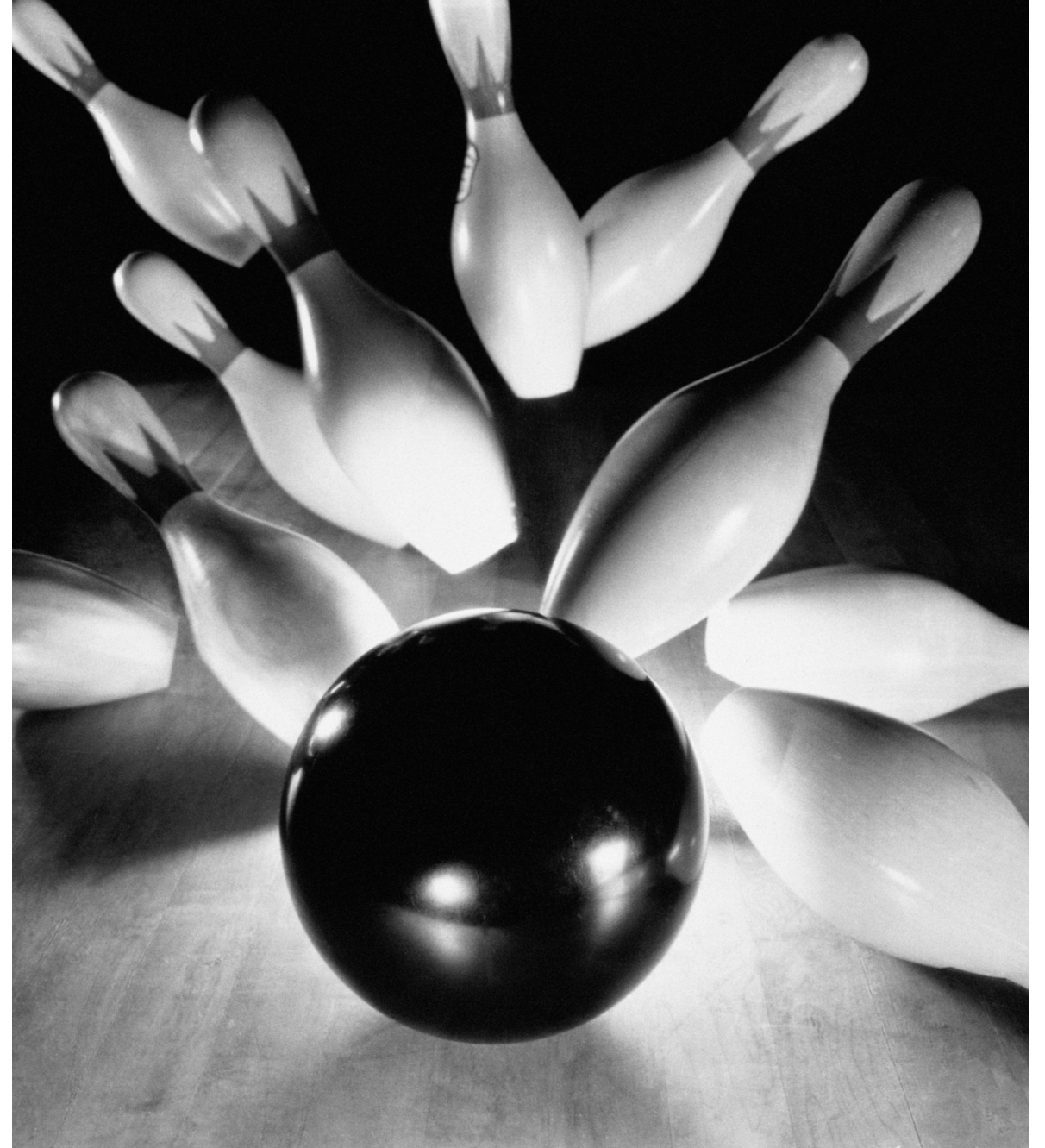
“Immediate opportunity for rationalisation”

- SYSC 10 conflicts of interest
- Best execution and personal account dealing



“More complex opportunities for rationalisation”

- Information and disclosure requirements
- Client categorisation
- Corporate finance contacts and venture capital contacts regimes
- Assessing risk of harm by business model
- Article 3 MiFID optional exemption firms



EMIR 3 – key changes



NEW EXEMPTIONS

New exemptions from the clearing obligation for OTC derivatives (i) that are initiated and concluded as the result of an eligible post-trade risk reduction exercise; and (ii) with a third-country pension scheme arrangement that meets certain conditions..



PERMANENT EXEMPTION

Permanent exemption from bilateral margin requirements for single-stock options and equity index options.



IMMV REQUIREMENTS

New requirements for initial margin models validation for in-scope counterparties.



LETTERS OF CREDIT

Clearing members and their NFC clients may post letters of credit (referred to as bank guarantees or public guarantees) as collateral, provided that they are unconditionally available upon request within the liquidation period.



AUTHORISATION

Reduced burden for EU CCPs seeking authorisation or an extension of an authorisation, including improving the functioning of the college system and sharing of information through a central database.



ACTIVE ACCOUNT REQUIREMENT

Mandate for EU counterparties to hold "active accounts" at EU CCPs for some products and for counterparties trading over a certain threshold in those products to clear some products through an EU CCP.

Active account

ESMA is currently consulting on the proposed technical standards that will detail the scope and operation of the active account requirement, including how “representativeness” is defined.

Category of derivatives	Classes of derivatives	Number of sub-categories	Number of most-relevant sub-categories	Reference period for CPs under EUR 100 billion per year*	Reference period for CPs over EUR 100 billion per year*
EUR OTC IRD	Fixed-to-float interest rate swaps	12	5	6 months	1 month
	Forward rate agreement	12	5	6 months	1 month
	Overnight index swaps	12	5	6 months	1 month
PLN OTC IRD	Fixed-to-float interest rate swaps	1	1	12 months	12 months
	Forward rate agreement	1	1	12 months	12 months
EUR STIR	ETD with an underlying of 3 months interest rate referenced in Euribor	4	4	6 months	1 month
	ETD with an underlying of 3 months interest rate referenced in €STR	4	4	12 months	6 months

- *EUR 100 billion threshold applied to notional clearing volume outstanding.*

Table as per ESMA's public hearing on the ongoing active account consultation, on 20 January 2025.

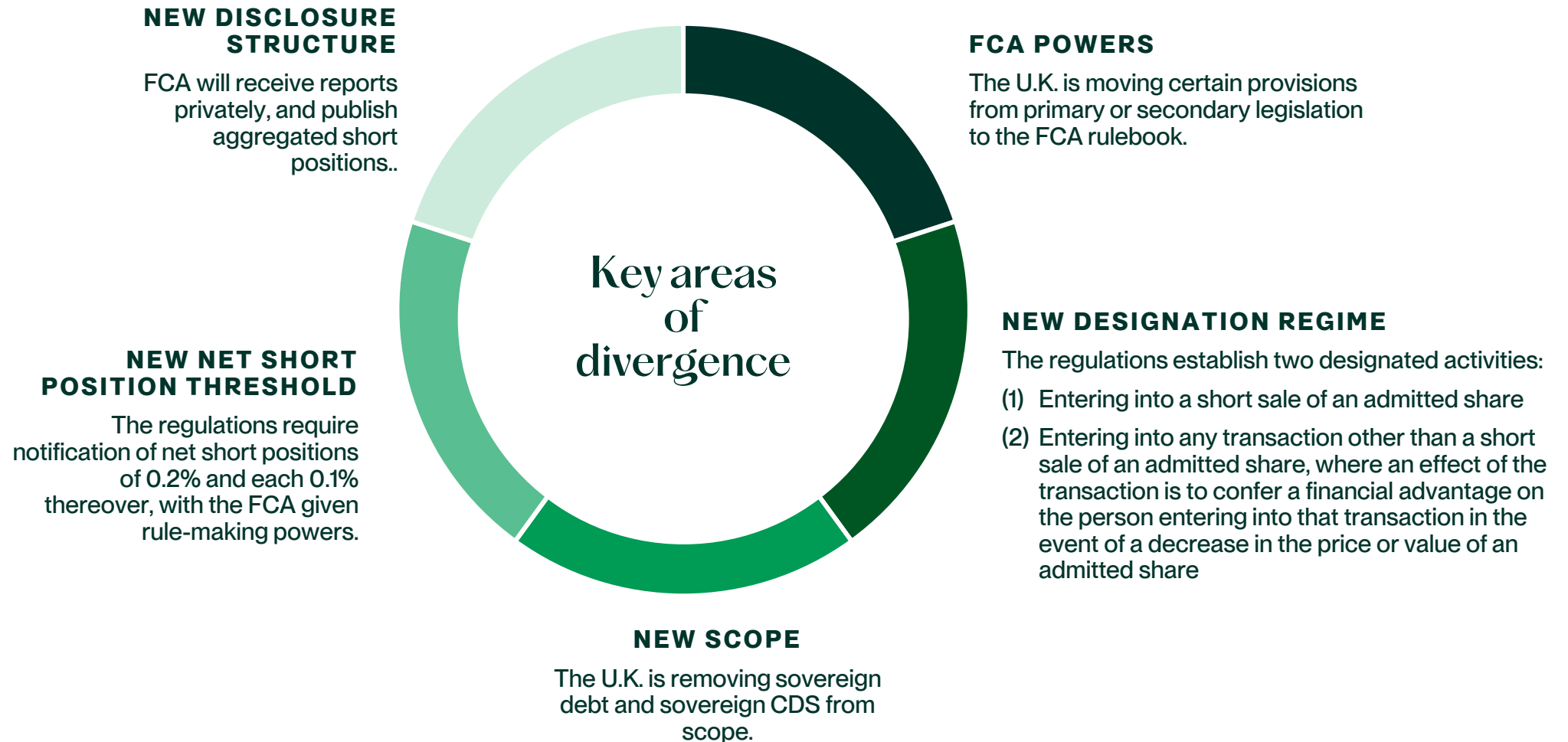
Short selling



NEW U.K. SHORT SELLING REGIME

- ◆ U.K. Short Selling Regulations 2025 have been made, repealing and replacing the onshored EU regime.
- ◆ The new government has taken forward existing proposals and proceeded with a regime that is lighter touch than the EU.
- ◆ The new U.K. regime comes into force in two stages – certain provisions entered into force on January 14, 2025 and the remaining provisions and FCA rules will come into force on the “main commencement” day.
- ◆ Going forward, there will be meaningful divergence as between the U.K. and the EU regimes.

Short selling



MOVING TO T+1

Accelerated Settlement

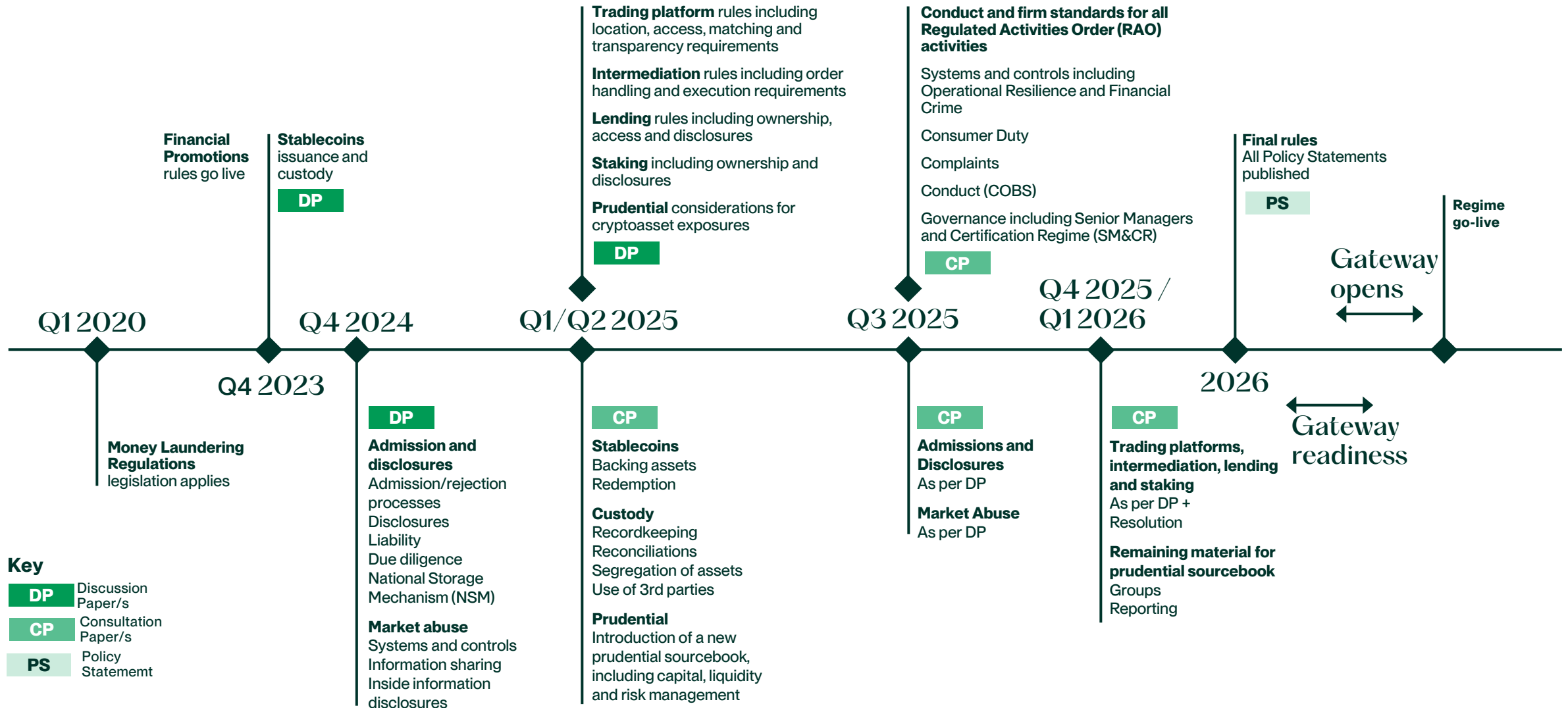


Expected UK and EU moves to T+1 in 2027

- The U.K. Accelerated Settlement Taskforce recommended moving to T+1 by the end of 2027.
- In the EU, the ESMA final report on its assessment of the shortening of the settlement cycle in the European Union proposed moving on 11 October 2027.
- Expected operational preparations across the industry from 2025 onwards.
- CSDR and Code of Conduct
- Scope

Fintech / Crypto / Payments

Future U.K. crypto regime



Source: FCA crypto roadmap – November 2024

National Payments Vision

**REDUCING REGULATORY
CONGESTION**

**UPGRADE OF PAYMENTS
INFRASTRUCTURE**



**OPEN BANKING & DATA
SHARING**

TACKLING PAYMENT FRAUD

APP fraud and cross-border interchange fees

APP FRAUD

- ◆ UK's authorised push payment (**APP**) fraud reimbursement scheme came into force on 7 October 2024
- ◆ All members of Faster Payments (those who are direct participants) to use the reimbursement claim management system (RCMS) by 1 May 2025
- ◆ Payment Systems Regulator (**PSR**) to publish a post-implementation review after 12 months of the APP fraud reimbursement policy being in force – we expect to see the results of this in 2026
- ◆ PSR to review the maximum reimbursement level in Q4 2025
- ◆ UK government will release an expanded fraud strategy in 2025

MARKET REVIEW OF UK-EEA CONSUMER CROSS-BORDER INTERCHANGE FEES

- ◆ PSR published its final report on 13 December 2024
- ◆ Due to a lack of competition, cross border interchange fees have increased since 2021/2022 and are costing businesses £150-200 million extra annually
- ◆ PSR has launched a consultation on a potential price cap remedy on outbound interchange fees which closes on 7 February 2025 (CP 24/14)
- ◆ PSR is proposing a two-stage intervention:
 - ◆ Stage 1 – an initial, time-limited cap
 - ◆ Stage 2 – a longer-lasting cap
- ◆ Stage 1 to last, including the implementation period, a maximum period of 30 months, with a commitment to review the continued application of the price cap no later than 24 months from the commencement of the direction imposing the stage 1 price cap

Key changes to safeguarding regime for payments and e-money firms – FCA CP 24/20

INTERIM RULES

- ◆ Switch to more prescriptive CASS rules
- ◆ Formalisation of safeguarding audit requirements
- ◆ Increased safeguarding reporting obligations
- ◆ Improved record-keeping, reconciliation and reporting practices

END STATE RULES

- ◆ Replace existing safeguarding requirements with **CASS style regime**
- ◆ Statutory trust over relevant funds and consequential changes

New safeguarding regime – Proposed timeline

INTERIM RULES IMPLEMENTATION:



END STATE RULES IMPLEMENTATION:



FURTHER REVIEW AND CONSULTATION:

- ◆ Ongoing review with HM Treasury to review and consult on the rest of the regime currently set out in the Payment Services Regulations 2017 (**PSRs**) and Electronic Money Regulations 2011 (**EMRs**)
- ◆ FCA to introduce rules for where a payments firm fails and enters an insolvency regime other than the Payment and Electronic Money Special Administration Regime
- ◆ FCA to make rules to mitigate the impact of the failure of a third party used for safeguarding purposes
- ◆ FCA to consult on these rules separately, at a later stage but before implementing the End State Rules

Consumer protection

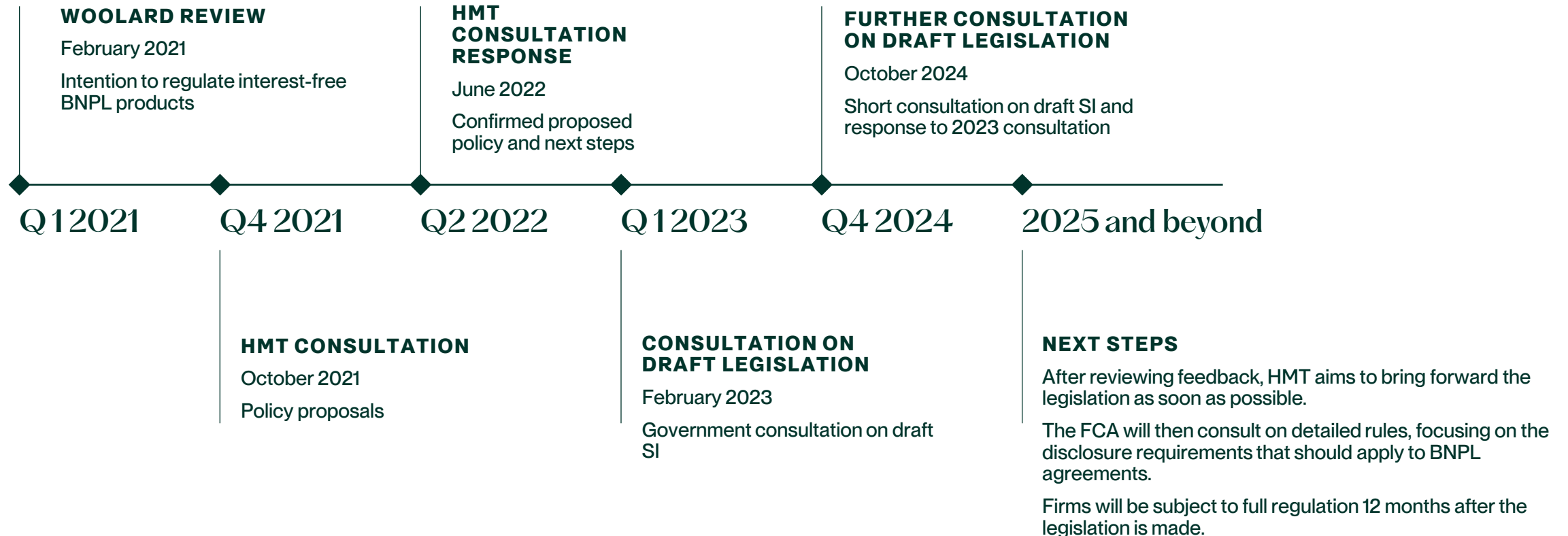
Broker commission



MOTOR FINANCE AND BEYOND

- ◆ Court of Appeal decisions on Close Brothers/First Rand cases to be heard by the Supreme Court on 1 April 2025
- ◆ Barclays Partner Finance Judicial being given leave to appeal against High Court decision in relation to recent JR proceedings against the FOS
- ◆ FCA engagement and response

Buy-now, pay-later (BNPL)

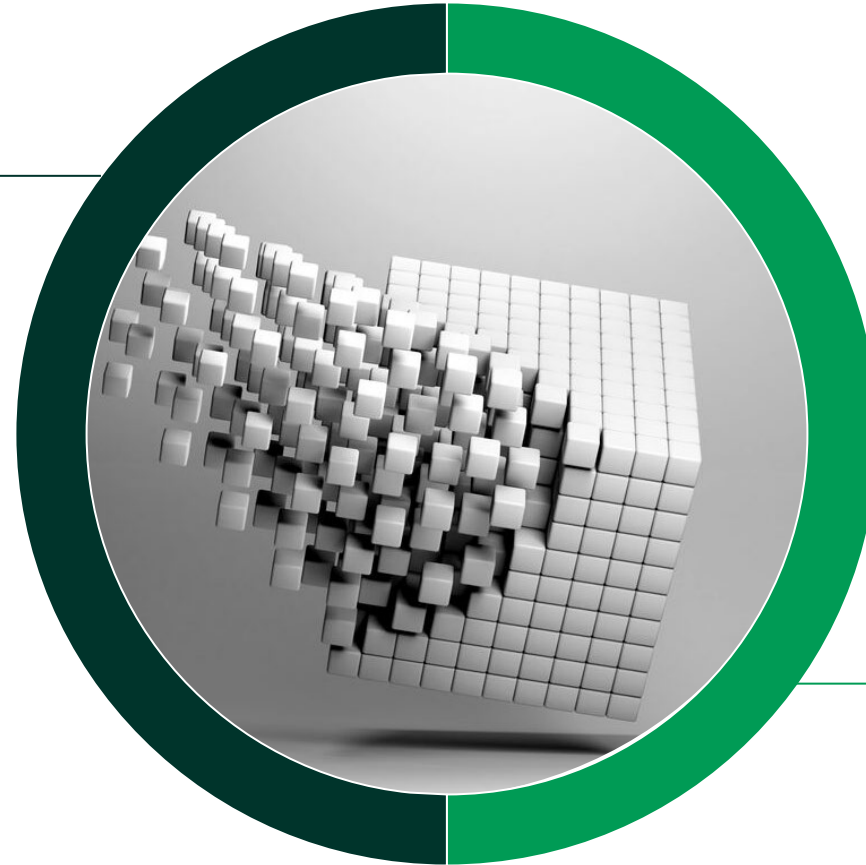


Consumer credit reform in 2025

U.K.

REFORM OF CONSUMER CREDIT ACT 1974

No set timeline for further developments has been confirmed

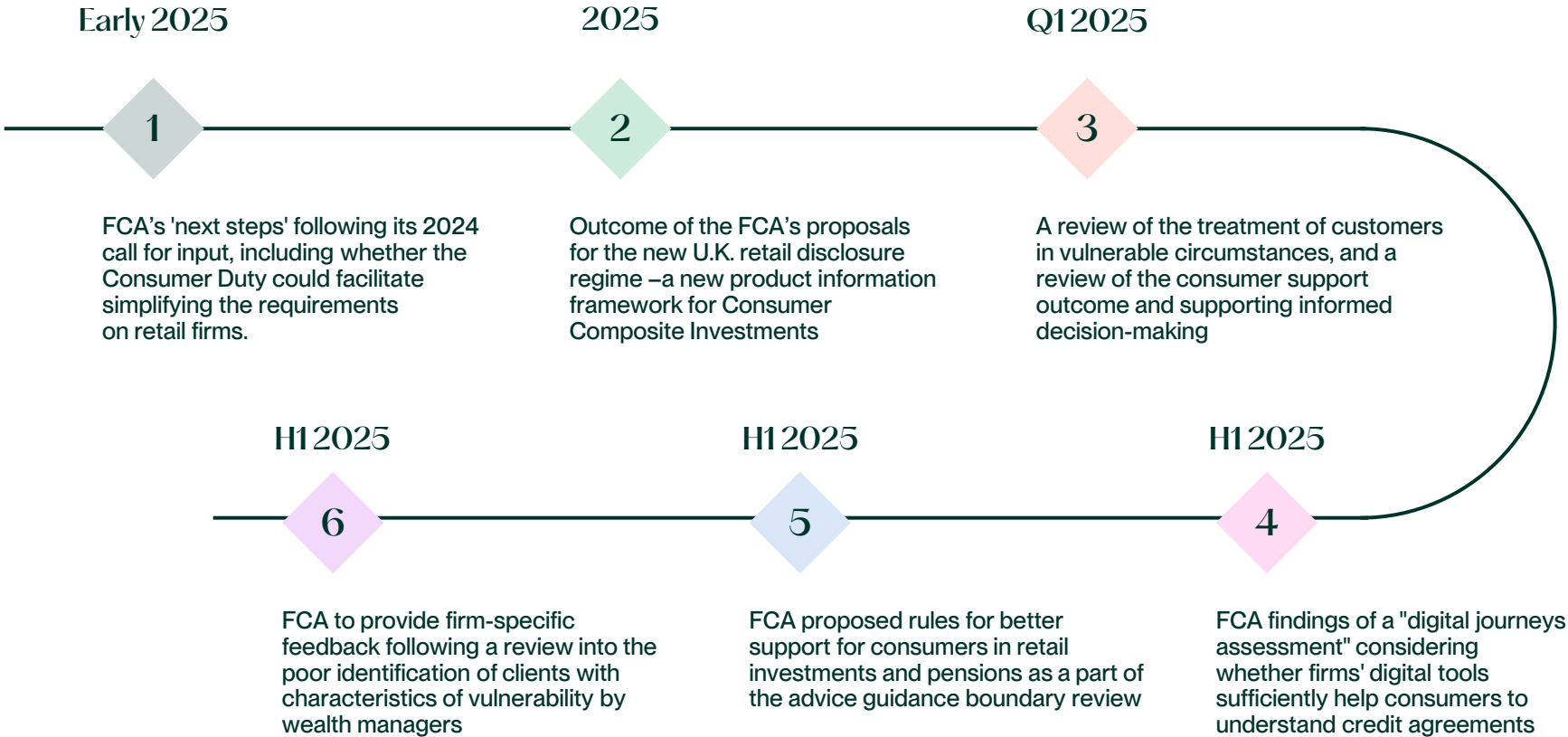


EU

CONSUMER CREDIT DIRECTIVE II

Transposition deadline of 20 November 2025

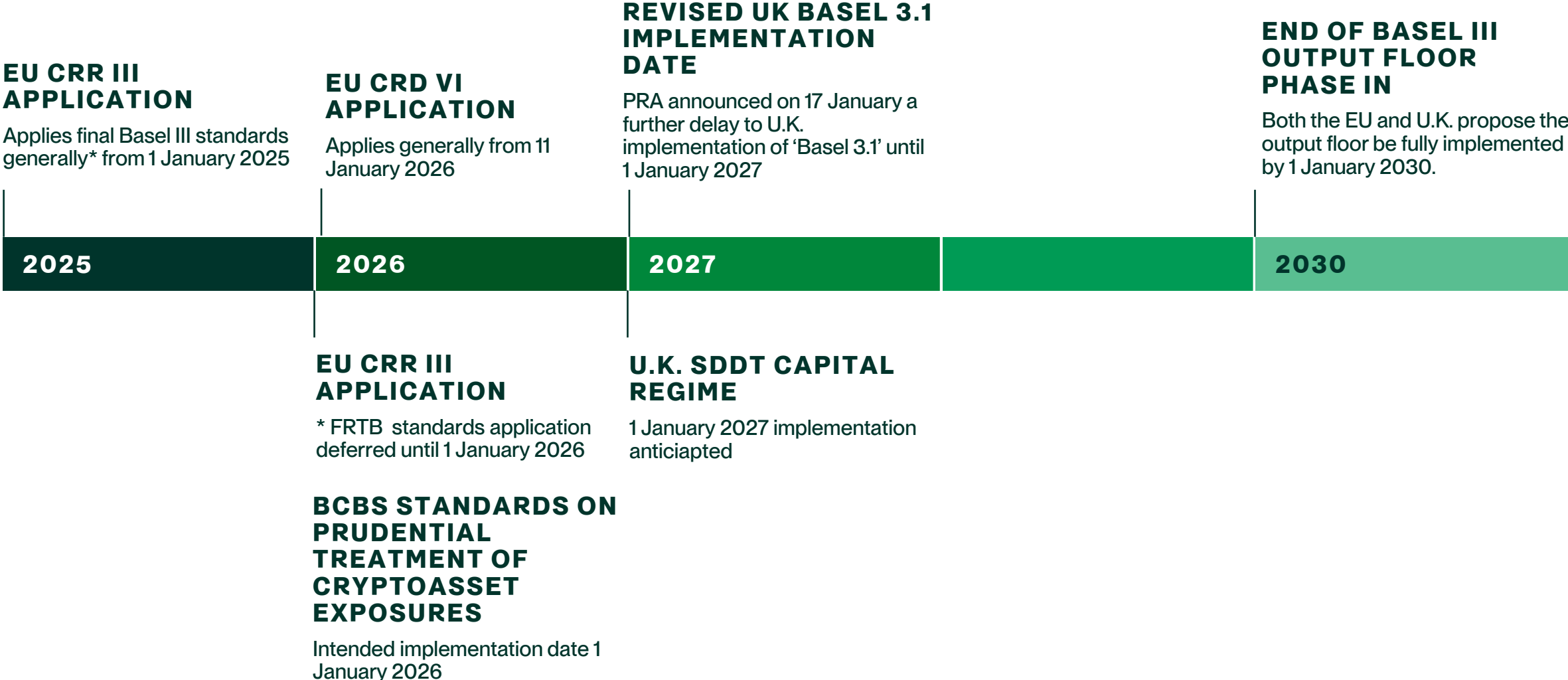
U.K.: Consumer Duty



- ◆ FCA will continue its substantive work on the Consumer Duty for all firms
- ◆ FCA priorities for retail banks includes compliance with the Consumer Duty and the treatment of customers in financial difficulty

Bank regulation

What's coming up for capital regimes?



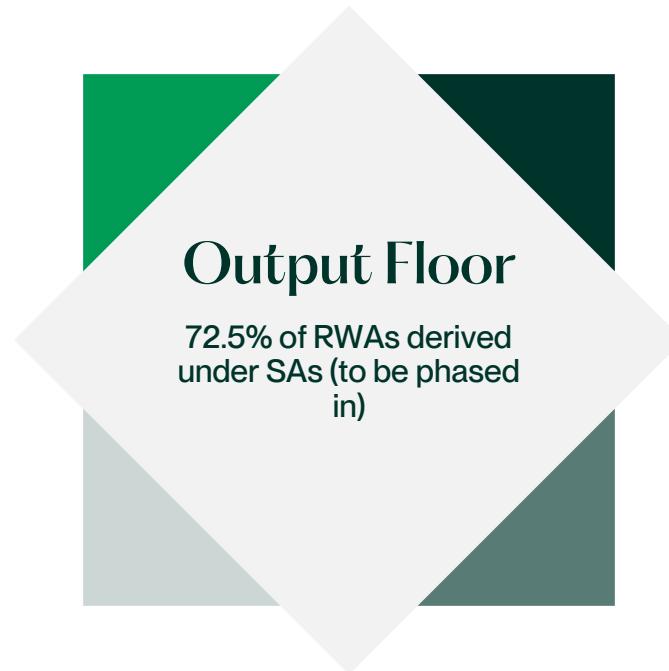
Key elements of final Basel III standards

CREDIT RISK

- ◆ Revised Standardised Approach (SA)
- ◆ Revisions to the Internal Ratings Based Approach
- ◆ Revisions to the use of Credit Risk Mitigation techniques

MARKET RISK

- ◆ Revised approach to market risk



CREDIT VALUATION ADJUSTMENT

- ◆ Removal of the use of internal models for credit valuation adjustment (CVA) risk, replaced by new standardised and basic approaches

OPERATIONAL RISK

- ◆ Removal of the use of internal models for calculating operational risk capital requirements, and a new SA to replace existing approaches

U.K. Strong and Simple Framework



PRA to review criterion by end 2028

SDDT Capital Regime

PHASE 2 – 2027

CP7/24

CAPITAL

- ◆ Pillar 1 based on Basel 3.1 standardised approaches with proposed exemptions
- ◆ Pillar 2A methodology simplified – ‘risk-by-risk approach’
- ◆ Single Capital Buffer - $\geq 3.5\%$ RWAs
- ◆ Non-cyclical stress test
- ◆ Simplified ICAAP with RST every 2 years
- ◆ Simplified capital deduction requirements

REPORTING

- ◆ Basel 3.1 reporting with
 - SDDTs descoped from 38 templates
 - most Counterparty Credit Risk reporting replaced with a simplified template
 - Further amended templates and instructions



PHASE 1 - 2024

PS15/23

LIQUIDITY

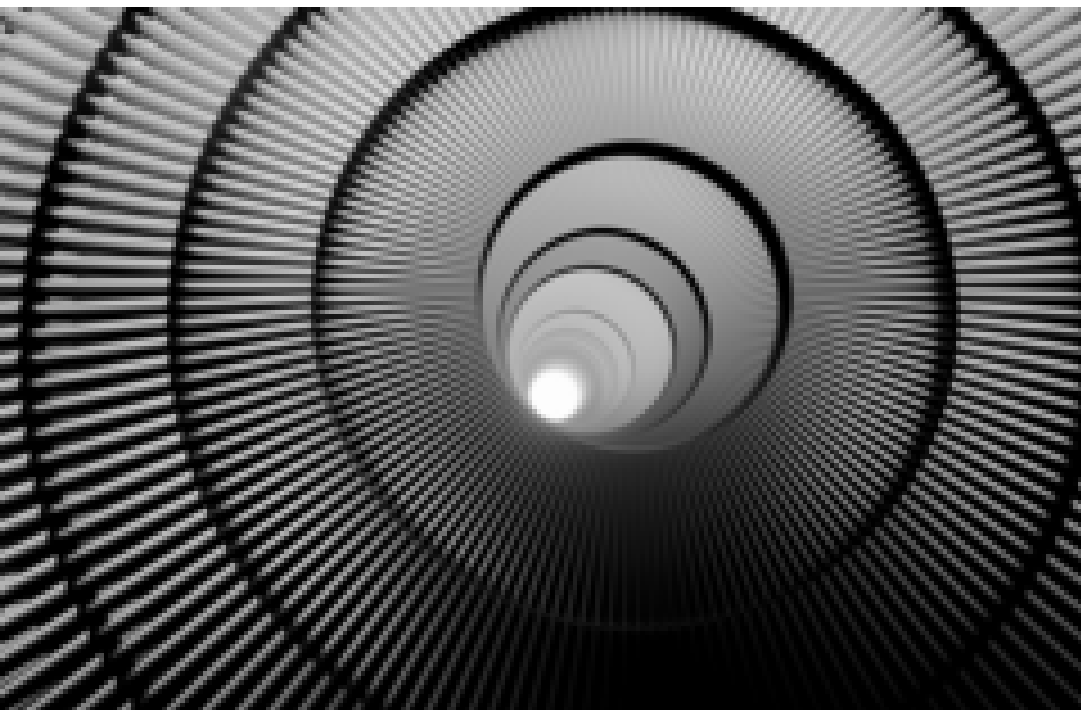
- ◆ NSFR – new Retail Deposit Ratio
- ◆ No general Pillar 2 add-ons
- ◆ New streamlined template for ILAAP (reduced minimum frequency proposed in CP7/24)
- ◆ Reduced ALMM returns

PILLAR 3 DISCLOSURES

- ◆ SDDTs with listed instruments: UK OV1 and UK KM1 templates
- ◆ SDDTs without listed instruments – no pillar 3 disclosures

Further layers of the strong and simple framework?

U.K.'s 'smarter' prudential regulatory framework



01 Transferring CRR provisions to PRA rulebook and statements of policy

02 HMT restatement of equivalence regimes

03 Review of leverage ratio requirement thresholds

04 Amendments to large exposures framework

05 New rules on step-in risk

A smarter ring-fencing regime

EVOLUTION NOT REVOLUTION

Financial Services and Markets Act 2000 (Ring-fenced Bodies, Core Activities, Excluded Activities and Prohibitions) (Amendment) Order 2024

Changes to ring-fencing thresholds:



- Core deposit threshold - £35bn
- Secondary threshold
- De minimis threshold on exposures to single RFI

Architectural reforms:

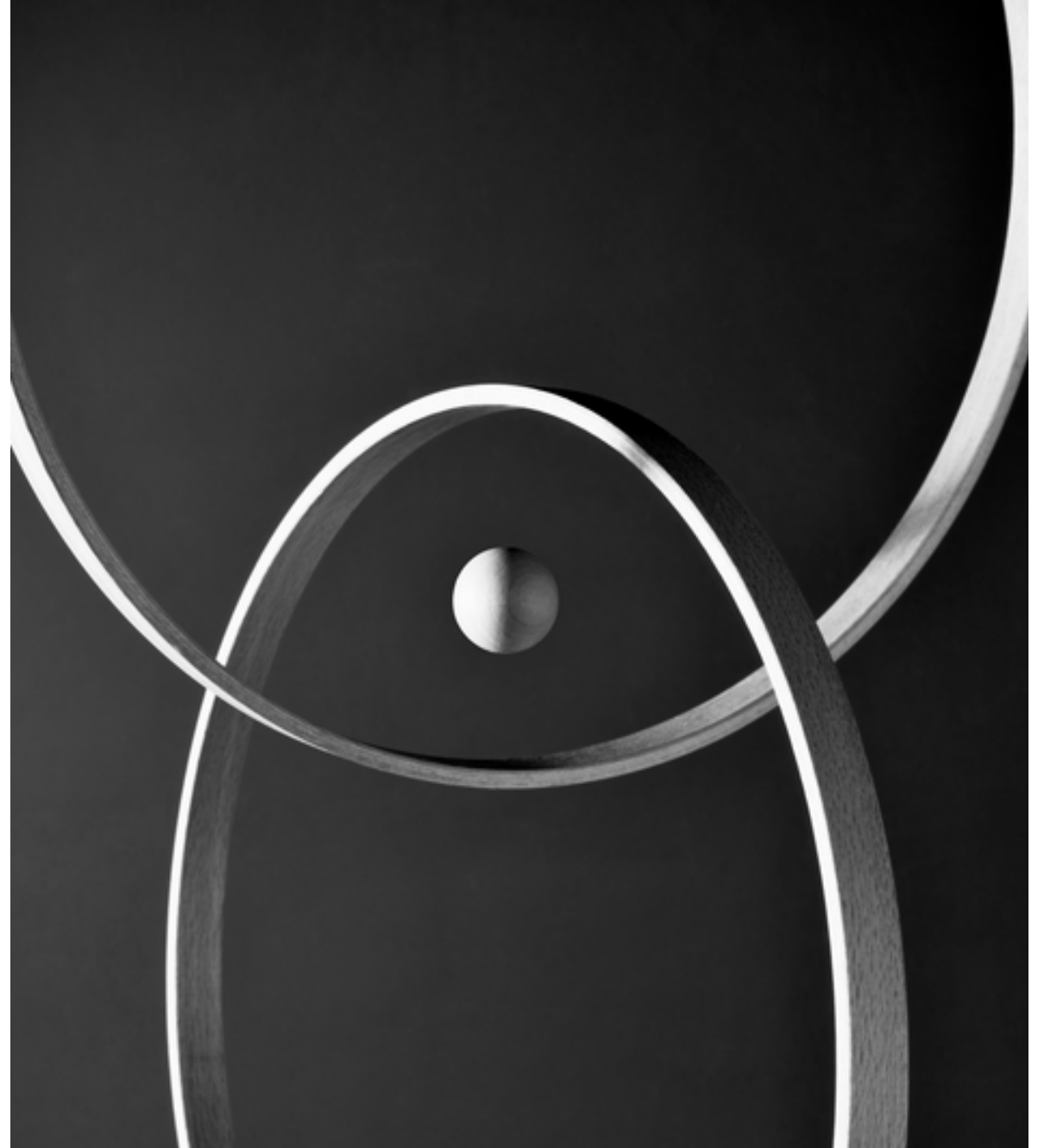


- Geographical restrictions removed
- 4 year transitional period on merger/acquisition

Permitted products and services:



- SMEs
- Trade finance
- Debt restructuring
- Conduit vehicles
- Derivatives
- Central banks and MDBs



Approach to international firms

U.K.

PRA CP11/24 – International firms:
Updates to SS5/21 and branch reporting



EU

New restrictions on cross border
banking services (CRD VI)

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