

The regulatory agenda – 2015 and beyond

Simon Hills

BBA

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The regulatory agenda – 2015 and beyond

‘Largely’ done:

- More and better quality capital
- More liquidity with quantitative requirements
- Recovery and resolution
- Reform of regulatory architecture

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Nearly there:

- Leverage ratio & disclosure
- LCR and NSFR & disclosure
- Pillar 3 disclosure
- Large exposures
- Counterparty credit risk
- Capital for CCP
- Securitisation exposures

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Work in progress:

- Simple, transparent securitisations
- Revised standardised approaches for:
 - Operational risk
 - Credit risk
 - Market risk - *FRTB*
- Capital floors

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Still to come:

- FRTB
- IRRBB
- TLAC

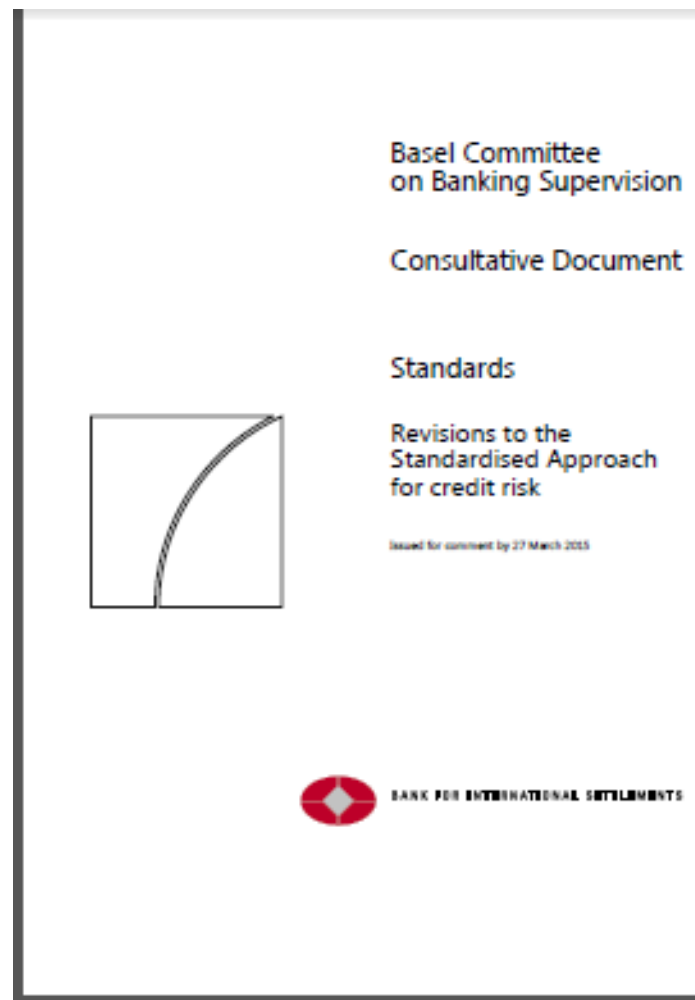
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BCBS broader policy initiatives:

- assessing the interaction, coherence and overall calibration of the reform policies;
- reviewing the regulatory treatment of sovereign risk; and
- assessing the role of stress testing in the regulatory framework, in light of national developments
- Monitoring and assessing implementation

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- More granular
- less reliance on external ratings
- 'Risk drivers' used to determine RWAs
 - Mortgages
 - LTV & DSR
 - Corporates
 - Revenue and leverage
 - Banks
 - CET1 and asset quality
- Look up tables
- IRB banks to publish SA capital requirements
- Intuitively risk weights are higher
- QIS q2



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Total Loss Absorbing Capacity

- Ending too-big-to-fail
- Providing G-SIBS with loss absorbing capacity at PoNV
- Removes implicit G-SIB taxpayer subsidy
- Pillar 1 TLAC minimum 1
 - 10 – 20% of RWAs
 - > 2 times CET1
- firm-specific Pillar 2 TLAC
- distribution of internal TLAC

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Improving individual accountability

- key features of the new regimes set in statute

Senior Managers Regime

- clearer allocation of responsibilities and enhanced accountability amongst senior managers

Certification Regime

- Firms required to periodically assess the fitness and propriety of employees able to cause significant harm to the firm or its customers.
- Notifications and reference requirements to improve levels of information

Conduct Rules

- Applies beyond approved persons to all employees.
- Creates training and notification requirements for firms

Contact details

Simon Hills

Executive Director

British Bankers' Association

simon.hills@bba.org.uk