



Minutes

Meeting date: 27 March 2014

Meeting time: 10.00 am

Location: HM Treasury, 1 Horse Guards Road, London
Left Hand Auditorium

**Government
members present:**

HM Treasury David Lunn (Chair);
Elizabeth Cowell; Nikkita Patel,
Catherine McCloskey; Claire Taylor

Bank of England Peter Brierley,
George Johnston

Prudential Regulatory Authority Stephen Drayson

Financial Conduct Authority Paul Dodd
Sean O'Grady
Adeshini Naidoo

*Financial Services
Compensation Scheme* Alex Kuczynski

Industry

members present:

*Association of
Business Recovery Professionals* Mike Pink

*Association of Financial
Markets in Europe* Oliver Moullin

British Bankers Association Rob Beattie
Adam Cull

Building Societies Association Jeremy Palmer

City of London Law Society Dorothy Livingston

*European Association of CCP
Clearing Houses* Perrine Herrenschmidt
David Wilkinson

*Financial Markets
Law Committee* Jennifer Enwezor
Joanna Perkins

*International Swaps and
Derivatives Association* Kate Sumpter

*Investment Management
Association* Susan Wright

Secretariat:

James Fraser; Bhavni Shah (HM Treasury)

Agenda Item 1: Panel administration

- 1.1 Draft minutes of the meetings on 30 July and 5 November 2013 were circulated for approval.
- 1.2 Panel membership: the Chair welcomed representatives of the European Association of CCP Clearing Houses (EACH) to membership of the Panel.

Agenda Item 2: Non-Bank Resolution: draft secondary legislation

- 2.1 HM Treasury summarised the responses received from the recent consultation, including ten written responses to the Banking Group Companies Order. HM Treasury will be publishing a summary of responses, and will welcome any further comments from the Panel members. Work will begin later in the year to revise the Code of Practice.
- 2.2 One Panel member queried the inclusion of Section 3(2)(d), which extends the Group Companies Order to a subsidiary, other than a parent of the bank, of a mixed activity holding company. The Panel member also noted that Section 4 was drafted in a place which did not fit with the sections above.
- 2.3 The Bank of England responded that the intention was to capture financial institutions as defined in the Capital Requirements Directive, and the Bank of England considered it important for this to be included.
- 2.4 Another Panel member asked if the Banking Group Companies definition has potential to include additional financial market infrastructure (FMI). The Treasury confirmed that would not be taking resolution powers for any additional financial institutions beyond those defined in the Order, and agreed to consider making this clear in the Code of Practice, along with guidance on member-driven default.
- 2.5 A Panel member suggested that the UK should replicate EU proposals on clearing houses, and asked for clarity on which holding company would be liable to transfer.
- 2.6 The Bank of England offered to circulate details of a conference in New York on 29 April held by the Federal Reserve Bank which was considering similar issues of the resolution of FMI.

Agenda Item 3: Transposition of the Banking Recovery & Resolution Directive (BRRD)

- 3.1 The Treasury summarised the bail-in tool which had been included in the Financial Services (Banking Reform) Act 2013. A consultation had been launched, closing on 7 May 2014. She had already met with some parties and would be happy to meet with others. There will be a further consultation on transposition of BRRD in the summer.
- 3.2 One Panel member commented on the shortened length of the consultation period. Another Panel member pointed to areas where the UK bail-in tool did not match exactly with EU proposals and suggested it would be safer to wait until the final text of the EU Directive was agreed.

- 3.3 On depositor preference, a Panel member noted that BRRD was not clear on preferential debt, and asked for guidance to be provided on this with the bail-in order. HM Treasury agreed to follow up with the Panel member on technical issues in the draft Annex to the Code of Practice.
- 3.4 A Panel member suggested an exercise/simulation on bail-in, which the PRA agreed to consider. Another Panel member asked to meet with HM Treasury once they had consulted with their team.

Agenda Item 4: Review of the Special Administration Regime for Investment Firms

- 4.1 The Treasury gave an overview of the 72 recommendations in Peter Bloxham's final report published in January.
- 4.2 The next steps will be to work closely with the regulators to produce a draft regulation for each recommendation, and consult further on the implementation of those recommendations which fell to HM Treasury later in the year.
- 4.3 A panel member suggested aligning this with the FCA's anticipated consultation on insolvency.

Next Meetings:	3 June 2014 9 September 2014 2 December 2014
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