



Minutes

Meeting date: 30 July 2013

Meeting time: 10.00 am

Location: HM Treasury, 1 Horse Guards Road, London – Room G/26

Government members present:

HM Treasury Jayne Breckon (Deputy Chair);
Ian Ginsberg; Jamie Barber;
Paul Clark; Liz Cowell;
Benedict Wagner-Rundell;
Daniel Lee (TLA)

Bank of England Peter Brierley

Financial Services Compensation Scheme Karen Gibbons

Insolvency Service Paul Mayo

Industry members present:

Association of British Insurers Laura Bonacorsi
Galina Dimitrova

Association of Business Recovery Professionals Richard Heis
Mike Woollard

Association of Financial Markets in Europe Peter Beales
Oliver Moullin

British Bankers Association Simon Hills
Rob Beattie

City of London Law Society Jennifer Marshall

Financial Markets Law Committee Roland Susman

International Swaps and Derivatives Association Peter Werner

Investment Management Association Guy Sears

Secretariat: James Fraser; Adnan Chowdhury (HM Treasury)

Apologies: David Lunn (HMT); Lowri Khan (HMT); Lauren Anderson (BoE); Stephen Drayson (PRA); Alex Kuczynski (FSCS); Nick Howard (Insolvency Service); Robert Hingley (ABI); Mike Woollard (ABRP); Roger Brown (BBA); Rob Beattie (BBA); Dorothy Livingston (CLLS); Jeremy Palmer (BSA); Joanna Perkins (FMLC); Kate Sumpter (ISDA).

Agenda Item 1: Panel administration

- 1.1 The Treasury welcomed Panel members. This was the first Panel meeting under the new remit and terms of reference agreed at the May meeting, with a number of people attending for the first time as representatives of member organisations.
- 1.2 The Panel agreed the minutes of meeting on 7 May 2013. Dates of meetings in 2014 were agreed – establishing a pattern of meeting on a Tuesday at the start of the third month of each quarter, starting with March 2014.
- 1.3 A draft of the Panel's Annual Report 2012-13 had been circulated and was agreed for publication, covering the period July 2012-March 2013. Future Annual Reports will align with the April-March reporting year. The Panel's public website, containing minutes and reports, has been migrated to the new gov.uk website:

www.gov.uk/government/publications/banking-liaison-panel

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

- 2.1 The Treasury had circulated a paper for discussion. A draft of the partial Property Transfer Order was also now available. A consultation paper on secondary legislation for the non-bank resolution regime will be published shortly. There will be an 8 week public consultation period, which will close before the next meeting of the Panel, so comments will be welcomed when the paper is published.
- 2.2 The draft Statutory Instrument on loss allocation rules for CCPs had been circulated, along with a summary of responses to the public consultation. The aim was to lay this for commencement in the first half of 2014, to apply to CCPs after their EMIR registration. Panel members questioned the application of set-off provisions when a client has positions in a number of different markets. The Treasury invited industry views on the treatment of segregated business lines, and noted that this might change as the details of the EU Banking Recovery & Resolution Directive (BRRD) were finalised. One Panel member offered to report back on which clearing houses were covering which instruments.
- 2.3 The Treasury gave an update on responses to the consultation on a Special Administration Regime for Payment & Settlement Systems. There were 10 responses, all broadly positive, so the Government would be going ahead with this proposal. The summary of responses will be published in August. Options for legislating later in the year were being considered.

Agenda Item 3: Information updates

- 3.1 The Treasury had circulated a paper, giving a detailed update on progress on the BRRD. A consensus had been reached at the end of June on the general approach, but quite a few technical issues remained. Agreement was expected during the latter half of 2013, with transposition into UK law during 2014 and implementation from 1 January 2015.
- 3.2 Panel members asked whether there was an intention to implement bail-in before the final BRRD deadline of 2018. No decision had yet been made, and it was recognised that some banks would need time to implement the PLAC requirements before bail-in

could be used effectively. The Panel asked the Government to confirm its intention to use the Bank Levy as the Resolution Fund in the UK.

- 3.3 One Panel member asked whether the UK intended to use powers under BRRD to be alter the terms of bonds outside a bail-in. The Bank of England offered to look further into the detail of this question.
- 3.4 The Treasury reported that Peter Bloxham had published his report on Phase 1 of the Review of the Special Administration Regime for Investment Firms on 23 April. He had recommended a second phase of work, which would continue over the summer, and aim to align further recommendations with the FCA's CASS Review. Panel members who wanted to contribute on any of the issues highlighted in the Stage 1 report were invited to get in touch with Peter Bloxham before the end of August if they have not already done so.
- 3.5 The Treasury outlined the current content of the Financial Services (Banking Reform) Bill, which will deliver the ring-fencing and depositor preference elements of the recommendations of the Independent Commission on Banking Standards. It was currently proceeding through Parliament, and the Government planned to introduce amendments in the Lords stages to take account of recommendations from the Parliamentary Commission on Banking Standards. Draft secondary legislation would also be published alongside the clauses for the Lords Committee Stage. A Panel member noted the importance of getting the right treatment of Group companies in the ring-fencing proposals.

Agenda Item 4: Any other business

- 4.1 The Bank of England noted that there would be a consultation over the summer by the G20 Financial Stability Board (FSB) on the Key Attributes of an effective resolution regime. This would include Annexes on: resolution of financial market infrastructure (including CCPs); treatment of client assets; resolution of insurance companies; and information sharing in resolution. FSB has also published guidance notes following its earlier consultation – and the UK has already anticipated some of the FSB recommendations.

Next Meetings:	5 November 2013 at 10.00 am 4 March 2014 3 June 2014 9 September 2014 2 December 2014
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