

International

Introduction

International and European work remained an essential part of the work that the FSA undertook reflecting the ever growing European and Global nature of financial services regulation and supervision.

In the *2012/13 Business Plan*, the FSA set out its international priorities which were to deliver effective supervision and crisis planning, support an effective international regulatory and supervisory architecture; and play a key part in developing international standards. This section highlights how the FCA delivered on these priorities.

Effective cross-border supervision

The FSA continued to lead supervisory colleges for UK firms that have cross-border activities. This included the coordination and running of international supervisory college meetings and joint decisions on risk-based capital adequacy within the EU. For the large UK banking groups it reached joint decisions with EU host supervisors on each firm's individual capital adequacy for 2012 within the four month timeframe set out in CRD. It also continued to participate in supervisory colleges for overseas firms active in the UK, including input into the joint risk assessment and decision process as host supervisor.

A major priority in 2012 was co-leading Crisis Management Groups (CMGs) for each UK G-SIB with the BoE (as the UK resolution authority). CMGs comprise supervisory and resolution authorities from the major countries in which a banking group operates. The FSA worked to meet the FSB's timetable to assess the adequacy of UK bank recovery plans, for CMGs to develop and agree global resolution strategies and to identify and overcome barriers to orderly resolution.

Contributing to the international and European agenda

The FSA was an active member on all global standard setters and ESAs and engaged with key EU institutions such as the European Commission, the European Parliament and the European Central Bank (ECB). It contributed to a number of key European and international workstreams including:

- Governance and structure of global standard setters – A number of global standard setters have been undertaking a review of their governance and structure and the FSA contributed to these reviews. This included the establishment of the Financial Stability Board (FSB) under Swiss Law.
- The Financial Action Task Force (FATF) – The FSA took a leading role in the revision of the FATF standards and supporting guidance, to ensure that the risk-based approach to Anti-Money Laundering and Terrorist Financing is firmly embedded in the international standard. The FSA was also part of the FATF President’s focus group to review the structure and responsibilities of the FATF working groups and their relationship with the plenary.
- IOSCO – As of January 2013, 91 IOSCO members had become full signatories of the IOSCO MoU on Cooperation and Exchange of Information – a key achievement that the FSA led through the chairmanship of Committee 4 on Enforcement and Cooperation.
- Reviews of the ESA’s – Preparations began for the review of the ESAs that must be completed by January 2014. The FSA worked closely with the Treasury, providing technical input to their preparation for negotiations.
- The Banking Union will have a significant impact on the EU Supervisory Structure, particularly the EBA. The FSA worked closely with the Treasury, providing technical input to their preparation for negotiations.

Global systemically important institutions

The IAIS completed a review of its core principles, and the FSA was heavily engaged in its continuing work on the development of a Common Framework for the Supervision of Internationally Active Insurance Groups, and on the identification and treatment of major insurers that might be designated as Globally active Systemically Important Insurers (G-SII).

Similar work was also underway in the Basel Committee on Banking Standards, on identifying G-SIBs and the FSA also chaired the Macro-Prudential Group charged with working on this.

Effective senior and working-level representation

The FSA was an active member of the EIOPA Board of Supervisors and chaired three of its committees.

Martin Wheatley continued as a Member of ESMA’s Management Board and the FSA chaired the Secondary Markets Standing Committee and the Commodities and Derivatives Task Force as well as other working level groups.

Andrew Bailey gained a seat on the EBA’s management Board.

At a global level, the FSA held a number of working level and senior positions. Adair Turner sat on the FSB and chaired its Standing Committee on Supervisory and Regulatory Cooperation and Julian Adams was elected as a Member of the Executive Committee of the IAIS.

Seconding staff to the European institutions, the ESAs and the global committees was an important way by which the FSA contributed to the EU and global financial services work programme. The FSA seconded staff to the European Commission, EBA, ESMA and EIOPA, the UK’s Permanent Representation in Brussels and the IOSCO secretariat.