

Feedback on Firms' Implementation Plans – An Update (as at 1 March 2005)

1. This note is a follow up to the Interim Summary produced in November 2004. It provides an update on the responses received from firms to our information-gathering letters on Basel/CRD implementation, sent out in November. Although most firms have now responded, either formally or through communications with their Relationship Managers, a few responses are still missing. Some firms have already communicated that their expected dates may still change. Hence, please note, it is expected that a fair proportion of these plans may change in due course.

Responses

2. Based on information received thus far, we are expecting a total of 62 IRB applicants (groups/firms) and 14 AMA applications (figures given at the last update were 62 and 12 respectively). 17 non-domestic wholesale investment banks are also expected to go for the AMA approach. Below is an analysis of firms' responses.
3. **MRGD** MRGD have collected responses for most banking groups, building societies and investment firms. Most banking groups and building societies have confirmed their intention to apply for an IRB approach (only 2 will be going for standardised), and 5 groups have expressed their intention to apply for an AMA approach. The information gathered from investment firms was limited to confirming that the firms identified by FSA for each group were caught by the CRD, and confirming awareness of the CRD requirements. All groups have confirmed their awareness of Basel/CRD, but responses have revealed that they are at different stages of implementation.

MRGD	No. of groups	Responses rec'd	Rate	Retail	Retail, FIRB	Retail, FIRB, AMA	Retail, AIRB	Retail, AIRB, AMA
Banks/building societies	20	20	100%	2	10	1	1	4
Investment Firms	27	27*	100%	n/a	n/a	n/a	n/a	n/a

* = Still awaiting formal response from 6 of these 27 firms. Their informal indications are included in the table.

The papers and meetings of the group are intended to encourage useful discussion of the issues rather than to present a comprehensive account of the matters concerned or a set of agreed conclusions. The minutes of the meetings report the discussions of the group, but neither the papers or minutes nor any reported remarks by anyone present at one of those meetings should be read as representing formal positions of the institutions represented or of the FSA. The FSA's Handbook proposals will be subject to consultation in the normal way.

4. **RFD** The majority of banks and building societies in the division intend to adopt the standardised approach to credit risk. Of the 17 firms intending to apply for an IRB approach, 10 are developing their own models and 7 intend to join a data pool. Information on investment firms in the division is still coming in and has yet to be analysed. Two will be going for AMA.

RFD	No. of firms	Responses rec'd	Rate	Retail IRB	AMA
Banks/building societies	106	101	95%	17	2
Investment firms	144*	72	50%	0	0

* = REVISION: In the previous note (Interim Summary as at 15th February) it was indicated that this number was 204. 204 is the number of firms believed to be caught by the CRD at that time, however, the actual number of letters sent was actually 144. The remaining 60 firms are subsidiaries of overseas firms, therefore, letters were not sent as it was decided that communication with the overseas regulator should take place first).

5. **WFD** Due to the diversity of the population of firms within WFD, data for each department is presented separately, allowing clear distinctions to be made between domestic and non-domestic firms.
- *Wholesale Banks (WB)* contains mainly non-domestic firms. Relationship managers are communicating with home supervisors to obtain data on these firms' intended approaches. Based on data received thus far, 5 non-domestic firms are likely to apply for IRB and 4 for AMA. Of the domestic firm population, 3 intend to apply for IRB and none for AMA.
 - *Wholesale Investment Banks (WIB)* Department consists of non-domestic firms, and so the need to approach home regulators first has impacted on the amount of data that has been gathered thus far. At this stage, it is estimated that 19 groups will apply for IRB and 17 for the AMA.
 - *Wholesale Investment Firms (WIF)* Department contains the majority of domestic firms in the division. Based on information received thus far, none have indicated that they will apply for an IRB or AMA approach.

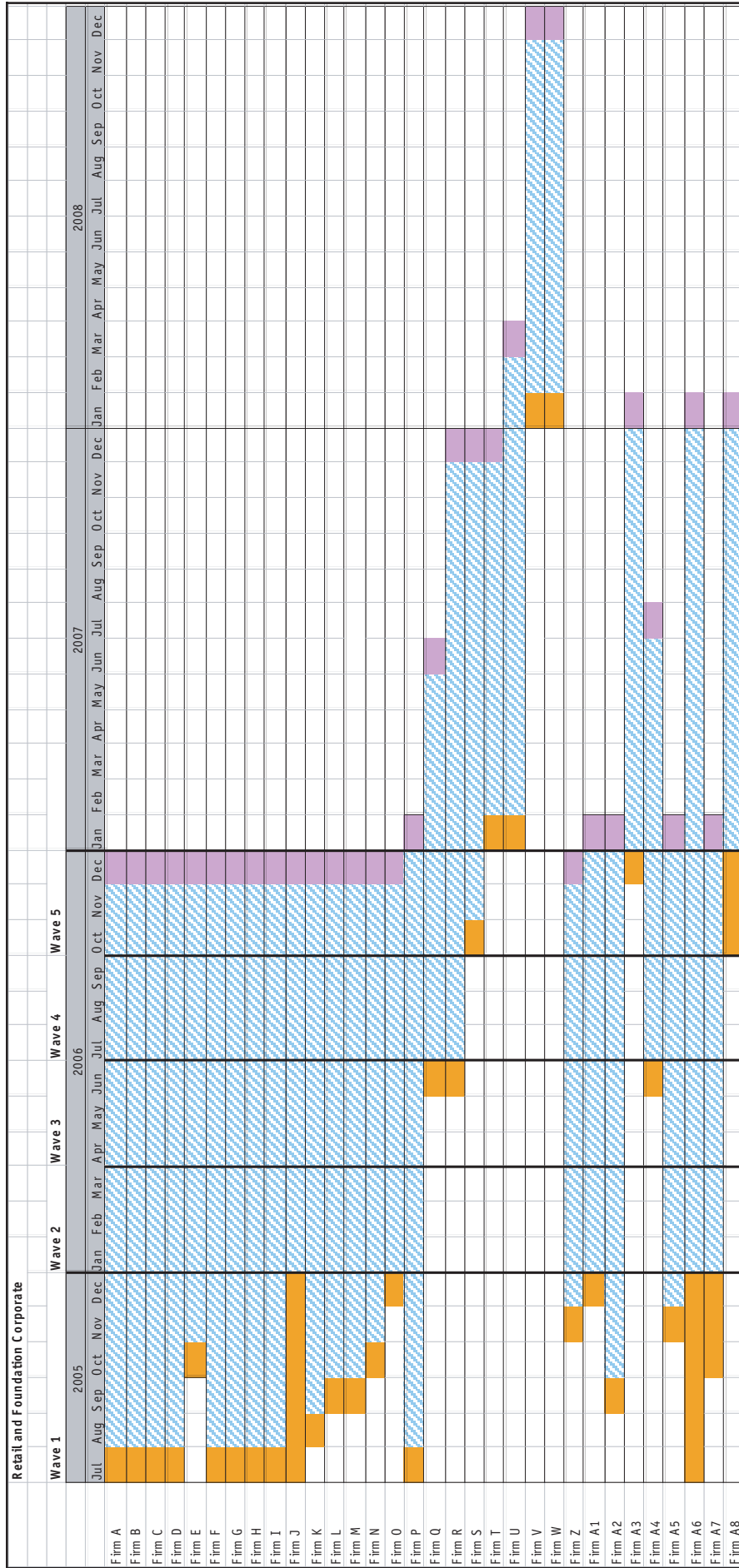
WFD (domestic)	No. of groups/firms	Responses rec'd	Rate	IRB	AMA
Wholesale Banks	20 firms	18	90%	3	0
Wholesale Investment Banks	n/a	n/a	n/a	n/a	n/a
Wholesale Investment Firms	53grps (90 firms)	53 (90)	100%	0	0

WFD (non-domestic)	No. of groups/firms	Responses rec'd	Rate	IRB	AMA
Wholesale Banks	248 firms	228	92%	5	4
Wholesale Investment Banks	23 groups	21	91%	19	17
Wholesale Investment Firms	n/a	n/a	n/a	n/a	n/a

Timing of IRB/AMA Applications

- 6. The attached chart illustrates how current data on timing of applications fits into our current application timetable. Each line represents a firm/group which has confirmed when it will apply for the given approach. (Some of the firms that indicated they will apply for an IRB or AMA approach have not yet confirmed when they intend to apply. The following chart only shows those firms for which some indication of timings has been given).

Estimated Timing of Applications (as at 1 March 2005)



	Wave 6 & 7												2008																	
	2005						2006						2007						2008											
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Firm X																														
Firm A																														
Firm S																														
Firm N																														
Firm Y																														
Firm A8																														
Firm A9																														
Firm A10																														
Firm A11																														
Firm A12																														
Firm A13																														
Firm A20																														
Firm A14																														
Firm A15																														
Firm A16																														
Firm A17																														
Firm A18																														

	Wave 8												2008																	
	2005						2006						2007						2008											
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Firm X																														
Firm A																														
Firm S																														
Firm N																														
Firm Y																														
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