

Integrated Regulatory Reporting (IRR)

Trade Associations' Presentation

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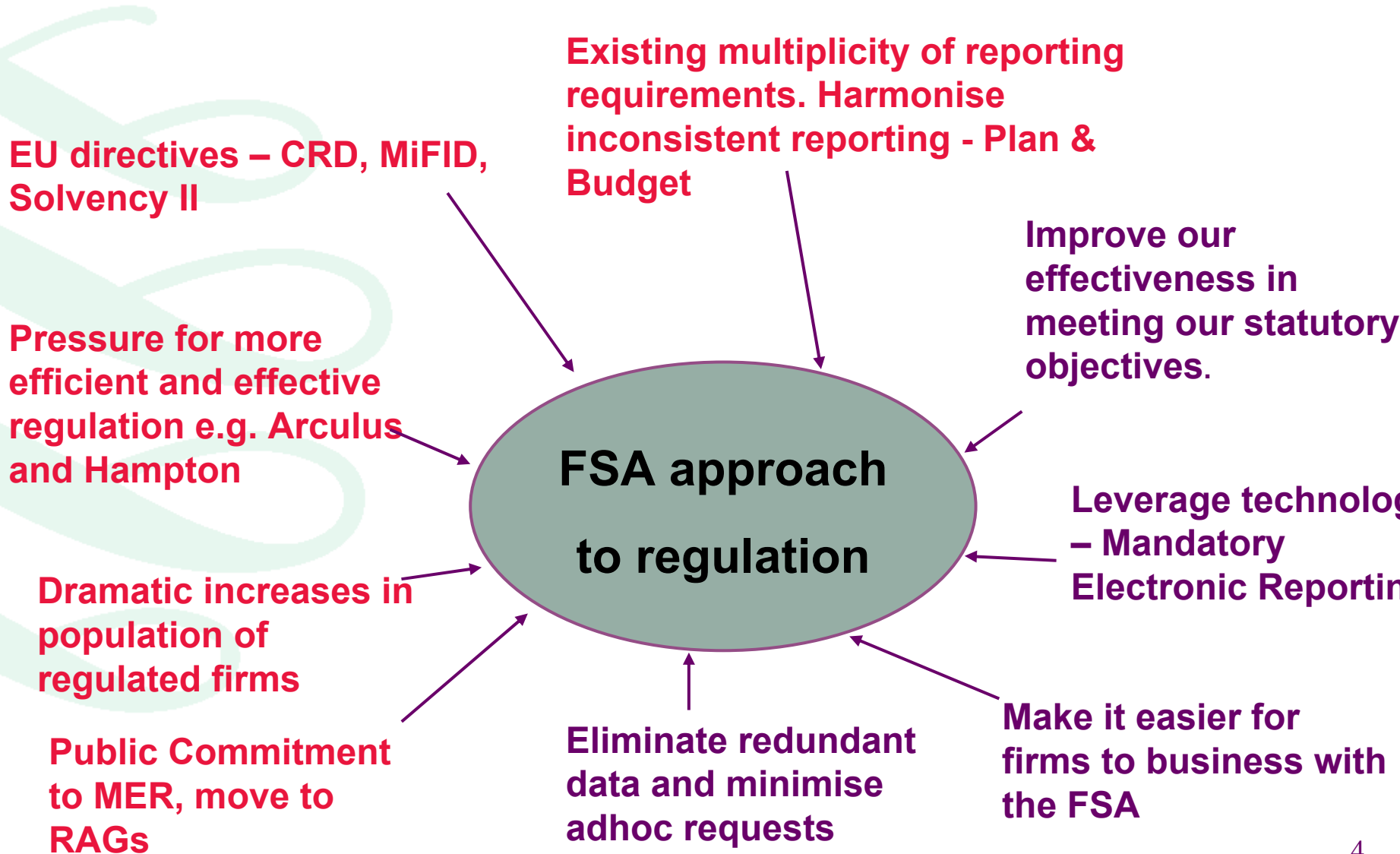
Agenda

- **Introduction and Purpose**
- **IRR - Drivers for change**
- **IRR Phase 1 Update**
- **IRR Phase 2**
- **IRR & Trade Association Advisory Group**
- **Questions**

Introduction and Purpose

- **To provide an update on IRR**
 - Phase 1 (current position)
 - Phase 2 (future)
- **Open an ongoing channel of communications with the Trade Associations**

IRR - Drivers for change



IRR Scope

What data we collect from firms

- Firms asked to report on key risks to which they are exposed
- Data collected revised to ensure compliance with directives

How we collect data from firms

- Implement systems to support the electronic collection and validation of data from firms

Reporting & analysis

- Automated alerts and flags
- Thematic work & sectoral analysis
- Ad hoc reporting and analysis
- Visibility of key risks to which firms are exposed

Supported by Robust Flexible Scalable systems

IRR Phase 1

Phase 1 – Live on 1 July 2005

Firms acting solely as mortgage and/or insurance intermediaries

**Approx
14,000**

Personal Investment Firms

**Approx
5,000**

Firms acting solely as mortgage lenders & administrators

**Approx
140**

Complaints return and standing data applicable to all firms

**Approx
22,000**

IRR Phase 1

- **85% submission rate**
- **On time submission averages around 75%**
- **Total returns received to date since July 2005 is over 18,000**
- **Peak of some 7,000 returns expected in February 2006**

IRR Phase 1

- **Rolling programme of enhancements (next upgrade 3 February 2006)**
- **Late returns and non-reporters**
- **Data essential for the supervision of Small Firms**
- **Extension to commence electronic reporting from 1 April 2007 (to start collection of data from 1 January 2007)**
- **Review of MLAR, RMAR and complaints to commence Q4 2006**

Deposit Takers & Investment Firms impacted by CRD*

- CP scheduled end March 2006
- PS scheduled Q4 2006

Implementation:

- 1 January - 31 December 2007: Firms moving to new CRD Capital rules before Jan 2008
- 1 January 2008: CRD implemented for all firms; non-CRD changes take effect

* *Capital Requirements Directive*

IRR Phase 2: Collecting the “right data”

Investment Activities (ex-retail) – MiFID** and non-MiFID

- CP scheduled end April 2006
- PS scheduled Q1 2007
- Implementation: November 2007

*** Markets in Financial Instruments Directive*

Insurance

- Introduction of new insurance returns from 31 December 2005 (60% reduction of data for some life firms)
- Next review of annual return to coincide with Solvency 2 – 2008/2009

IRR Phase 2 Collecting the “right data”

Retail – changes in the pipeline

- Basic Advice [actually already here but reviewing any reporting requirements]
- Self-invested Personal Pension Schemes (SIPPS)
- Home Reversion Plans

Systems Requirements

- Support the **electronic collection** of regulatory return data from firms
- **Accommodate** the **changes** to forms, data and analysis that will be required by CRD and other Directives
- Generate **outputs** that are compatible with the **Business Intelligence** reporting and analysis tools
- Systems must be **technically robust, flexible and scalable**
- **User Friendly**

IRR Phase 2: Proposed Key Dates for system build

- **Building Request for Proposal March 2006**
- **Vendor receives RFP April 2006**
- **Vendor selection May 2006**
- **Contract awarded June 2006**
- **System build, UAT, Pilot, Rollout 2008
(earlier if possible)**

Trade Associations' involvement

How?

- **Set up an Trade Association Advisory Group for phase 2 development (we will also invite members from the Panels)**

Why?

- **To ensure the end to end solution is as efficient and effective as possible for both firms and the FSA**
- **Trade associations and panel involvement is key to help us achieve this goal**

What would the group do?

The proposal would be for the group to advise on (but not limited to) the following:

- ✓ System development (e.g. different methods of electronic transmission)
- ✓ Look and feel of the system (e.g. screen layout, menus)
- ✓ Communications
- ✓ Pilot of the system
- ✓ Help and guidance for firms
- ✓ How and which firms to involve

How will this work?

Generic advice to the project

- **To ensure a cross section of firms views are sought as the system is designed, specified and rolled out**
- **Key for our goal of making it easier for firms to do business with us**
- **For these type of questions views of firms will be canvassed via a targeted questionnaire**

How will this work (cont'd)?

Specific advice

- This would relate to firms undertaking a particular type of activity e.g. deposit-taking where specific requirements impact this group only.
- For these activities specific associations will be contacted

General

- Members of the group will have early insight and be able to influence how the programme of work is developed.

Next Steps

- (i) Write to Trade Associations and Panels on questionnaire and the advisory group in more detail.**
- (ii) Write to Trade Associations/Panels with formal invite to join advisory group, with details of first meeting.**
- (iii) Analyse questionnaire results and feedback to advisory group and into design requirements.**
- (iv) Advisory group first meeting held and TOR agreed.**

Indicative Timescales

