

# Corporate & Financial Weekly Digest

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## Independent Commission on Banking Publishes Final Report

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The Independent Commission on Banking (ICB) published its Final Report on September 12. The Final Report recommends that UK retail banking activities should be ring-fenced into separate subsidiaries and the imposition on both banks and other financial conglomerates of capital requirements that are substantially stricter than those required by Basel III standards.

The ICB's main recommendations are consistent with those of its April 2011 Interim Report (as reported in the April 15, 2011 edition of [Corporate and Financial Weekly Digest](#)). The likely implementation date for the recommendations is in 2019.

Ring-fenced banks will be required to be separate legal entities. Services which will be required to be within ring-fenced entities are proposed to include deposit taking from and lending to individuals and small and medium sized enterprises. Services which must be provided outside the ring-fenced entities are proposed to include derivatives business, secondary market activities, services/activities that would result in the holding of trading book assets, services/activities that would result in a requirement to hold regulatory capital against market risk, and services to customers outside the European Union.

Where a ring-fenced bank is part of a wider corporate group, its relationships with other group entities in that group must be carried out on an arm's length basis. It must not be dependent for its solvency or liquidity on financial support from any other group entity. The ring-fenced entity will be required to have an independent board of directors.

To view the Final Report, click [here](#).

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