

# Bank of England PRA

**Rt Hon Keir Starmer MP**

Prime Minister

**Rt Hon Rachel Reeves MP**

Chancellor of the Exchequer

**Rt Hon Peter Kyle MP**

Secretary of State for Business and Trade

**Sam Woods**

Deputy Governor, Prudential Regulation  
CEO, Prudential Regulation Authority

Sent by email

9 December 2025

Dear Prime Minister, Chancellor and Secretary of State,

You wrote to me last December setting out the Government's determination to ensure that UK regulation supports economic growth and does not unduly hold back investment. In response, I set out five changes the Prudential Regulation Authority (PRA) intended to make to its regulatory regime, and three proposals for us to explore jointly with HM Treasury (HMT) and the Department for Business and Trade (DBT). I thought it might be helpful to provide you with a brief update on where this work has got to since.

**Update on actions taken**

I outline below progress on the five actions I highlighted in my response: in short, four have now been completed, and on the fifth we have delivered the first step and expect further steps to follow.

1) Simplifying the prudential regime for small banks and building societies

On 28 October we published rules implementing our "Strong and Simple" capital framework for smaller, UK-focused lenders. We have long considered that the approach we inherited from the EU, of applying the full weight of international standards to smaller banks, is disproportionate and overly costly. Our new rules



radically simplify the regime for these firms while maintaining resilience. This approach will support growth by cutting costs for firms and freeing up resources that should support lending to households and businesses across the UK.

2) Increasing the ability of the insurance sector to invest in the UK economy

We launched our “Matching Adjustment Investment Accelerator” (MAIA) on 23 October and encouraged insurers to apply to use it immediately. The MAIA builds on the reforms we previously introduced to the Solvency UK regime. It supports growth by enabling insurers to seize investment opportunities and recognise a capital benefit more quickly. This should help the insurance industry deliver on the pledge it made to make increased investments in the UK economy over the next decade.

3) Improving the UK framework for Insurance Special Purpose Vehicles (ISPVs), including simplifying and accelerating the ISPV authorisation process.

In my initial response I explained that we would make changes to enhance the competitiveness of the UK’s ISPV regime – ISPVs being vehicles through which insurers can transfer insurance risks to the capital markets. Historically, most of these vehicles have been registered outside the UK in jurisdictions such as Bermuda. The initiatives we implemented in July of this year support a wider range of transactions and mean that authorisations of relevant ISPVs can now be completed in around 10 working days instead of several weeks. Our changes will make the UK a more attractive destination for ISPVs and should bring more capital to the UK market, supporting investment and growth. In addition, we are working alongside HM Treasury to develop additional proposals based on future legislative changes to increase the attractiveness of the UK regime further.

4) Making further amendments to remuneration requirements to enhance competitiveness

Having already removed the bankers’ bonus cap, we consulted on further changes to the banking remuneration regime focused on bonus deferral periods. We announced on 15 October that we would halve the minimum deferral periods for senior bankers to four years and give firms much greater flexibility in structuring pay whilst retaining accountability. These changes were effective immediately and will enable UK-based firms to attract and retain talent more competitively, and make the UK a more attractive location for foreign firms when deciding where to locate their senior staff.

5) Simplifying regulatory data reporting from banks

Following a successful programme of reform in insurance which cut reporting requirements by a third, we committed to reduce the burden of regulatory reporting for banks. There is scope to modernise and streamline the requirements applying to

banks, and the resources that firms would save from changes to reporting could be put to more effective use. We therefore launched the Future Banking Data (FBD) programme earlier this year and this month delivered the first stage of reporting reductions. These changes are expected to cut costs by around £26 million annually, contributing to a total of around £100 million in wider reporting reductions which the PRA has already proposed or implemented. We are now engaging with industry on the further development and prioritisation of this programme, and expect additional cost reductions to follow.

### **Update on additional proposals**

In my January response I also highlighted three additional proposals which we planned to explore with HMT and DBT. These were (i) establishing a ‘concierge service’ to support inward investment by international firms; (ii) rationalising the PRA’s framework of ‘have regards’; and (iii) reducing overlap between our regulatory requirements and other requirements in legislation.

The Chancellor’s Leeds Reforms have enabled quick progress in these areas. The concierge service is now up and running, based within the Office for Investment and including staff from the PRA. HMT has published a proposal on rationalising the ‘have regards’ which, if fully delivered, has the potential to improve firms’ experience of the regulatory regime by increasing our efficiency. We have also paused the introduction of rules which would have overlapped with intended legislation, and we are looking for opportunities to reduce overlap in other areas.

### **Further work to support growth**

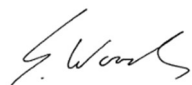
Finally, in addition to the initiatives outlined above and as the Chancellor is well aware, we are delivering a full programme of work under the broader Leeds Reforms package. Reforms include finalising the Basel 3.1 rules, cutting bureaucracy in the Senior Managers & Certification Regime, introducing stretching new targets for our authorisations processes, making our models approval process for banks more efficient and accessible, creating a new regime for insurance captives, and establishing a unit to support fast-growing innovative firms.<sup>1</sup> The Bank’s Financial Policy Committee has also recently set out a number of further areas for review in relation to the capital framework for banks, and the PRA will support this work in coming months.

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<sup>1</sup> These initiatives and others are described more fully in our latest [report](#) on the SCGO, and in our [response](#) to the House of Lords Financial Services Regulation Committee’s inquiry on the SCGO.

I hope this update is helpful – and we look forward to continuing our efforts to support the Government's growth agenda and deliver on the growth and competitiveness objective we have been given by Parliament.

Yours sincerely

A handwritten signature in black ink, appearing to read 'S. Woods', written in a cursive style.

Sam Woods

**Deputy Governor and CEO, Prudential Regulation Authority**