

## POLICY AND REGULATORY NETWORK MEETING

DATE: THURSDAY 19 JUNE 2025, 16:00 – 17:30

VENUE: SIMMONS & SIMMONS, CITYPOINT, 1 ROPEMAKER ST, EC2Y 9SS

### SUMMARY/DRAFT 040725

#### ATTENDEES

**AFB -** Andrew Brooke  
Robert Kemble  
Ethan Moxam  
Samuele Viscariello

**Simmons and Simmons -** Penny Miller  
Tom Makin  
**Latham & Watkins -** Rob Moulton  
**A&O Shearman -** Kirsty Taylor  
Bob Penn

**AFB Members –** Annex 1

#### SECTION A – GENERAL

1. Intro/AFB Competition Law Guidance (attached to email)
2. Draft Minutes of last PRN Meeting held on 8 April (attached to email, and [here](#))
3. Overview of AFB Policy Initiatives as of 1 June (attached to email, and [here](#))

#### SECTION B – ISSUES FOR DISCUSSION BY PRN MEMBERS

##### 4. UK-EU Reset

The first UK-EU summit in London was held in London on 19 May and a [joint statement](#) was published on the same day.

Beyond affirming foundational agreements, the agenda focused on strategic areas – such as [defence and security partnership](#), UK involvement in the EU energy market, cooperation on renewables, grid interconnectivity and emissions standards – where both sides agreed there is value in renewed cooperation. The UK and EU also plan to explore a reciprocal youth mobility scheme.

There was no reference to financial services in the joint statement.

Penny Miller (PM) began the discussion, acknowledging that the joint statement did not contain much detail. PM highlighted the addition of the youth mobility scheme in UK-EU discussions, as youth mobility is useful for broadening the UK's talent pool.

It was noted that a youth mobility scheme is an issue that has been raised frequently by AFB members. AFB members benefit from a diverse and skilled workforce, from both within the UK and overseas. Attracting talent to the UK, particularly through youth mobility schemes, gives firms access to talent with knowledge of new technologies and emerging markets. Talent coming to the UK on its own volition also makes it easier for firms to recruit for more junior roles.

Andrew Brooke (AB) referenced the House of Lords EU committee request for comments on the UK-EU reset. The general response from the industry was that financial services should feature prominently in UK-EU discussions. However, the EU are currently reluctant to discuss FS as part of negotiations.

Robert Kemble (RK) highlighted that an alternative approach being explored by organisations such as the International Regulatory Strategy Group (IRSG) would be to include financial services when discussing other sectors, such as defence.

A member suggested that the EU's position on financial services in UK-EU discussion may be connected to the provisions relating to bank branches and subsidiaries in the Capital Requirements Directive VI (CRD VI).

Kirsty Taylor (KT) noted that there will be implications for UK markets regarding CRD VI and that the PRA are going to be more proactive in seeking information from firms in how they are preparing for CRD VI implementation. KT added that A&O Shearman took the opportunity at a recent meeting with the PRA to make the case that there are actions the PRA could take in terms of capital liquidity waivers and other initiatives to make the UK more attractive.

It was noted that members can also join the CRD VI working group by contacting [Ethan.Moxam@foreignbanks.org.uk](mailto:Ethan.Moxam@foreignbanks.org.uk).

A member asked if there is any suggestion from the EU that there might be a softening of its position on cross-border activities into the EU. RM commented that the EU is not changing its position. KT said that there is also tension regarding Basel 3 implementation, given it has been implemented by jurisdictions across the EU while the UK and US have yet to implement the standards.

## **5. House of Lords Financial Services Regulation Committee Report on the FCA and PRA's Secondary Growth and Competitiveness Objective**

On 13 June, the House of Lords Financial Services Regulation Committee published a report '[Growing pains: clarity and culture change required](#)' on its inquiry into the PRA and FCA's secondary international competitiveness and growth objective. AFB response to the inquiry, submitted on 29 November 2024, [here](#).

The report builds on the written and oral evidence submitted by professionals in the financial services sector (e.g., trade associations, Regulators, bankers, insurers, asset managers, private equity managers, academics) (i) in order to assess the progress made so far by the Regulators on their new secondary objective, (ii) if/how regulation can support growth in the sector and the wider economy, (iii) what regulatory challenges firms face in their UK operations, and (iv) how Government and Regulators should work together to recalibrate the risk appetite in the sector.

Among the main findings of the Committee, the report states that the regulatory environment in the UK is characterised by a culture of risk aversion, that firms perceive the regulatory burden to be disproportionately high and they are overwhelmed by information/data requests, thus resulting in high costs of compliance, and that requirements are sometimes overly complex and overlap between different regulators.

Citing on page 97 the feedback provided by AFB, the Committee agrees that the Government should give recommendations and set parameters or benchmarks in relation to its economic policy and should be clear in what it asks, whilst the Regulators need to take responsibility for ensuring that their policy and supervision adequately assess risk whilst paving the way for a stable regulatory environment that facilitates growth and innovation. Further, the Committee recommends that the Government use the

upcoming Financial Services Sector Strategy to convert its ambitions into actionable policies for the Regulators to take forward.

The report also sets out recommendations to the Regulators and Government grouped under three themes: 1) the secondary objective in the financial services sector; 2) the secondary objective and the wider economy; and 3) the role of Government.

Samuele Viscariello (SV) set out the background to the House of Lords Financial Services Regulation Committee report on the PRA and FCA's Secondary Growth and Competitiveness objective and summarised its key findings and recommendations ([slides here](#)).

RM outlined the areas the report addressed which had not been raised in previous reports over the past 5 years. RM set out 4 main points:

1. The criticism of the PRA and the FCA is roughly equal. In the past most commentary has been highly critical of the FCA and the PRA has escaped somewhat, but not in this report. This matters because if the FCA is not fit for purpose, it needs reform, however, if the regulators are not fit for purpose, then the system as a whole needs reform.
2. Much of the criticism previously was about the overlap between the regulators, which is a systemic issue. This gives weight to the argument that one regulator should tackle conduct, and the other should handle prudential.
3. The criticism of the authorisation process. Latham & Watkins (L&W) hear often anecdotally that this is problematic. L&W have seen that this has improved significantly from two or three years ago, as it is now hitting deadlines.
4. Criticism of government as it has not said how the regulators are meant to enact regulatory reform in order to achieve economic growth.

A further important point in the report is the regulatory uncertainty regarding the Consumer Duty. Implementation of the Consumer Duty resulted in a huge increase in regulation, leading to uncertainty.

The recommendations outlined in the report have the potential to drive meaningful positive change. In terms of risk metrics there appears to be a growing consensus on the need for a more clearly defined risk appetite.

In parallel, a paper is being developed in collaboration with TheCityUK, focusing on the current risk landscape and exploring the development of standardised metrics.

Banks typically categorise risk within their portfolios and it may be worth considering whether the regulators should adopt a similar approach.

There is also a recommendation in the report that there should be some consideration on the impact of Basel 3.1 for medium and small banks. This shows the committee is also critical of international standards.

Risk-taking has been highlighted a lot in recent FCA speeches. The need for more responsible risk taking has been a theme for the past couple of years, particularly from the current government.

## **6. FCA Policy Statement 25/5 on its Enforcement Guide and Greater Transparency of Enforcement Investigations**

On 3 June the FCA published [PS25/5](#) and its updated [Enforcement Guide in the FCA Handbook](#). The FCA has been consulting on a revised version of its Enforcement Guide since February 2024. As previously

announced in a letter to the Treasury Committee, on 11 March 2025, the FCA confirmed it would not proceed with its previous proposals to name firms under enforcement investigation.

Instead, it will retain its 'exceptional circumstances' test for announcing investigations into regulated and listed firms. This test may be met where the matters under investigation have become the subject of public concern, speculation or rumour.

The FCA has also identified three situations (see below) where there has been support for increased transparency which will now form part of its revised policy:

- Where the FCA is investigating suspected unauthorised financial services, or a suspected offence relating to unregulated activity, and an announcement will then warn consumers and/or investors or help the investigation
- Where the fact of the investigation has been made public by the subject, an affiliated company, regulatory body, public body or Government. The FCA may also make public the subject matter of the investigation to the extent that it has already been made public
- Anonymised announcements that do not name or identify the subject of the investigation, where it would be helpful to educate people on the types of misconduct they are investigating or to encourage compliance with the FCA's rules

Other changes to the Enforcement Guide include:

- Enforcement teams may refuse the attendance of any legal adviser, other than the interviewee's own, at compelled interviews if their presence risks prejudicing ongoing investigations. The interviewee's preference will be considered but is not decisive
- The FCA will now accept firm's internal or third-party investigation reports, when regulatory concerns arise. While firms are not required to share legally privileged material, the FCA welcomes voluntary disclosure and may consider it when deciding whether to take enforcement action
- A scoping meeting will typically be held at the start of an investigation, usually upon specific request and assessed on a case-by-case basis

Tom Makin (TM) provided a summary of the FCA's policy statement on its Enforcement Guide. There has been a shift in the direction of enforcement regulation. The FCA's "name and shame" proposals are no longer going ahead. Instead, names will be disclosed in cases involving unauthorised business. Cases will also be publicised reactively (if a firm makes an announcement first), and anonymous disclosures will be made through an enforcement watch publication. The FCA have also raised the threshold for opening enforcement cases. Increased engagement with enforcement teams is expected, enabling them to assist supervision teams in regulating this threshold more effectively.

There has been a rise in the use of Section 161 powers, particularly targeting payment firms, with banks being less affected. Enforcement activity is anticipated to be focused on the 'intervention'. Notably, none of the enforcement cases opened in the past two years have concluded without some form of action. Current trends suggest that enforcement cases will now be resolved more swiftly, within 14 months.

The FCA has begun initiating investigations by stating that information has been received from the supervision team and requesting voluntary interviews with senior managers before formally opening an investigation. Enforcement is expected to be used more as a deterrent, particularly to encourage payouts from larger firms. Smaller, unregulated firms are likely to receive the bulk of enforcement attention,



despite having significantly fewer financial resources. Meanwhile, mid-sized firms may receive comparatively less scrutiny.

## **7. PRA Supervisory Statement 6/25 'International firms: Updates to SS5/21 and branch reporting'**

On 20 May the PRA published SS6/25 on the PRA's final rules and policy with respect to PRA's approach to branch and subsidiary supervision. Notably, the £300m indicative threshold for the level of deposits that a branch may hold before the PRA would consider asking it to become a subsidiary has been confirmed.

The PRA has amended the proposals in CP11/24 to reflect the feedback received from industry on three areas covered in the consultation:

### **1. Branch Risk Appetite**

- The two indicative thresholds of £100m FSCS-covered retail and small company transactional or instant access accounts, and of £500m total potential liability to FSCS have been increased to £130m and £650 respectively to account for inflation since initial calibration
- The definition of the existing £100m and £300m thresholds has been amended to no longer include references to transactional deposits
- The Branch Return Form has been amended such that it only requires data on instant access deposit balances and number of customers, and not the transactional breakdown
- The implementation of revised Branch Return reporting rules has been postponed to 1 March 2026

### **2. Booking Models**

- The scope of application has been clarified, notably on branches and UK trading banks and regarding Article 21c of CRD6
- Booking responsibilities and trade capture language have been modified
- The drafting has been amended to improve clarity across several areas

### **3. Liquidity Reporting**

- The PRA has provided flexibility on the reporting dates firms can use for the provision of liquidity information where there is a mismatch between the PRA's Branch Return submission deadlines and the Home State Supervisor's (HSS') requirements
- The implementation of revised Branch Return reporting rules has been postponed to 1 March 2026
- Reporting expectations in stress, the scope of whole-firm reporting, and certain reporting definitions have been amended for greater clarity

It was noted PS6/25 has provided updates to SS5/21 and sets out the appropriate risk appetite for an international bank to operate in the UK as a branch rather than a subsidiary, with a new indicative threshold of £300m.

## **SECTION C – FOR NOTING**

### **8. UK Visa System**

On 12 May 2025 the Home Office published its White Paper '[Restoring control over the immigration system](#)'. The paper outlines the Government's proposed policy changes aimed at reducing immigration by tightening the rules for moving to and settling in the UK. The changes of particular relevance for AFB members are the proposed changes to the Skilled Worker visa requirements and the increase in the Indefinite Leave to Remain qualifying period.

Key points include:

- Expansion of the Point-Based System resulting in an increase to the standard qualifying period for settlement to ten years
- The Government has shortened the [list of jobs](#) for which employers can sponsor overseas workers under the Skilled Worker visa
- Increased language requirement for skilled workers and workers where a language requirement already applies
- New applicants from outside the UK will need a degree-level qualification to be eligible for a Skilled Worker visa

There is no confirmed implementation date for the White Paper's proposals to come into force. However, an accompanying [press release](#) stated that the policies outlined will be delivered over the course of the parliament (i.e., 2025 - 2029). The White Paper also confirmed that the Home Office intends to consult on these changes later this year.

## **9. Equality (Race and Disability) Bill**

On 18 March the Home Office [launched a consultation](#) on introducing mandatory ethnicity and disability pay gap reporting for large employers. AFB submitted its [response](#) on 10 June.

## **10. PRA Consultation Paper 10/25 'Enhancing banks' and insurers' approaches to managing climate-related risks – Update to SS3/19'**

On 30 April the PRA published [CP10/25](#) on its on updated supervisory expectations for banks and insurers to manage the effects of climate change on their businesses.

Introductory paragraph to follow.

AFB's Climate Financial Risk WG will hold a virtual call on 17 June (14:00 – 15:00) to discuss AFB's response. Contact [Samuele](#) if you would like to join.

## **11. Financial Services Industrial Strategy**

The Financial Services Growth and Competitiveness Strategy will be published as part of the Chancellor's Mansion House address on 15 July 2025.

## **12. PRA – Future Banking Data Project**

On 13 June AFB held a discussion with the PRA, chaired by Tom Henderson (Head of Data, Systems, Change and Operation) on its Future Banking Data project. It provided an opportunity for attendees to understand in more detail how the PRA/Bank of England uses the data collected from firms, and for members to speak about their experiences of regulatory reporting in the UK and the interaction between home and host regulatory reporting regimes, in order to help the PRA/Bank focus the project and to **Crypto Regulatory Perimeter**

On April 29 HM Treasury released a draft [Statutory Instrument](#) and an [accompanying policy note](#) detailing the UK's upcoming regulatory framework for cryptoassets.

Of note for members is that the Government states that “firms that are dealing directly or indirectly with a UK consumer will need to be authorised in the UK regardless of whether the firm is based in the UK or overseas”. This means that, unusually for UK regulation, the crypto perimeter would apply extraterritorially.

### 13. AFB Regulatory Conference Recordings

The recordings of all sessions from AFB’s Regulatory Conference, held on 15 May, can be viewed on [AFB’s website](#).

### SECTION D – AOB

## Annex 1

First Name	Bank	Role
Mrs Nathalie Robertson-Nugent	Banco Santander	Chief Legal Officer
Miss Rebecca Simons	Bank of China	AVP - Regulatory Liaison
Miss Carla Lara-Vivanco	Bank of China	Head of Regulatory Liaison
Mr Romain Gevrey	BNP Paribas London Branch	UK Prudential Affairs & Policy VP
Mr John Miller	CIMB Bank Berhad	Head of Compliance
Mrs Georgina Thomson	Commerzbank	Compliance
Ms Charlotte Pegg	Coöperatieve Rabobank U.A.	Senior Compliance Officer
Mr Philip Cooper	Credit Agricole	Head of Compliance UK
Ms Kyoko Ito	DBJ Europe Ltd	Deputy MLRO
Mr Meherzad Bilimoria	DBS Bank Ltd	Senior Legal Counsel
Ms Fozia Nazir	FirstBank UK Limited	Head of Compliance
Mr Andrew Garth	Guarantee Trust Bank UK	Chief Risk Officer
Mrs Lisa Walker	ING Bank NV	Head of Compliance UK
Ms Emma Hamilton	Macquarie Bank Ltd (London Branch)	Senior Manager Compliance Risk Management Group
Mr Philip Read	National Australia Bank	Director, Regulatory Change and Training Europe
Mr Joseph Vatus	ODDO BHF UK	COO
Mrs Ashlee Helm	Skandinaviska Enskilda Banken AB (Publ)	Legal Counsel
Mr Luke Wilson	SMBC Bank International plc	VP - Public Affairs and Policy EMEA
Mr Edmund Wu	Sumitomo Mitsui Trust Bank, Ltd	Head of Internal Audit
Mr Andrew Cheetham	The Bank of East Asia	Head of Compliance Oversight
Mr John Sebastian-Price	The Bank of Nova Scotia	Senior Manager
Mr John Byrne	The Chiba Bank, Ltd	Compliance Officer