

## Appendix: PRA initiatives to strengthen the regulatory foundations of competitiveness and growth

Harness the UK's strengths as a global financial centre	Maintain trust in the UK as a place to do business	Tailor regulation to the UK
<p>Working with HMT to facilitate <b>responsible openness</b>, e.g. through trade agreements, equivalence assessments and the Gibraltar Authorisations Regime.</p> <p>Ensuring responsible openness by maintain cooperative relationships with supervisors in other jurisdictions supported by a growing number <b>of Memoranda of Understanding (MoUs)</b>.</p> <p>Enhancing the PRA's approach to <b>authorising and supervising branches</b> of third country insurers and banks</p> <p>Reforming rules on <b>remuneration</b>, including limits on the ratio of variable to fixed remuneration ('the bonus cap').</p>	<p>Implementing <b>Basel 3.1</b> to align with international standards.</p> <p>Implementing other <b>international standards</b> for banks and insurers.</p> <p>Continuing to play a leading role in influencing international regulatory standards and participating actively in <b>global standard-setting bodies</b>. These include the Basel Committee for Banking Supervision (BCBS) and the International Association of Insurance Supervisors (IAIS), which will be consulting later this year on an International Capital Standard (ICS) for internationally active insurance groups.</p>	<p>Tailoring <b>Basel 3.1</b> where appropriate to UK circumstances.</p> <p>Updating the PRA Rulebook to remove unnecessary requirements including EU non-performing loan rules.</p> <p>Waiving application of liquidity requirements at the level of an individual firm and permitting a firm to form a Domestic Liquidity Sub-Group (DoLSub liquidity waiver).</p> <p>Working with HMT on <b>Solvency II</b> reforms to further increase proportionality and streamline aspects of the regime in ways that were previously not possible.</p>

<p>Developing a safe and pragmatic approach to regulating the use of <b>AI and machine learning</b> in UK financial services.</p> <p>Developing an approach to prudential regulation of novel <b>digital assets including stablecoins</b>.</p> <p>Developing a prudent approach to <b>operational resilience and Critical Third Parties</b> that maintains responsible openness.</p> <p>With HMT and the FCA, working towards <b>recognition of STS (Simple, Transparent and Standardised) equivalent non-UK securitisations</b>, thereby increasing choice for UK investors in the market for STS securitisations.</p> <p>Implementing a more flexible approach to <b>Insurance Linked Securities</b>.</p> <p>Finalising policy on <b>model risk management</b>.</p> <p>Thematic review of risk management in <b>bulk purchase annuity (BPA)</b> deals.</p> <p>Ensuring that UK banks and insurance companies are prepared for <b>climate change</b> and able to play their part in</p>		<p>Working with Government and FCA, looking at opportunities to reform the SMCR while maintaining its core purpose.</p> <p>Simplifying capital, liquidity and operational requirements for smaller banks and building societies (<b>'Strong and Simple'</b>).</p> <p>Streamlining excessive reporting requirements for insurers and banks.</p> <p>Launching a <b>competitiveness conference</b> to explore the links between prudential regulation, international competitiveness, and growth.</p>
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<p>supporting the transition to net-zero, including through the work of the <b>Climate Financial Risk Forum</b>.</p> <p>Enhancing accessibility of rules and regulations by improving the clarity of the PRA Rulebook and by creating a more <b>user-friendly website</b>.</p> <p>Participating in <b>the Regulatory Initiatives Forum</b> to publish the Regulatory Initiatives Grid and share information between regulators about the timing and operational impact of regulatory initiatives.</p> <p>Strengthening <b>consultation</b> and <b>engagement</b> processes, including setting up an external Cost-Benefit Analysis Panel.</p> <p>Consulting on the PRA's <b>approach to policy</b> after the FSM Bill is enacted, following on from PRA Discussion Paper 4/22 – 'The Prudential Regulation Authority's approach to policy', September 2022.</p> <p>Engaging with firms on reforms to data collection as part of the Bank's <b>Transforming Data Collection Programme</b>.</p>		
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