



20 MAY 2026

Exploratory structural policy options for the UK financial sector

Possibilities to address
future challenges as a
major international and
domestic hub

This report explores how the financial sector in the United Kingdom could potentially be positioned to respond to the global and domestic challenges ahead via updated interpretive mechanisms to support coordination on the highest-level strategic priorities between government and independent delegated expert authorities, alongside targeted adjustments to elements of financial sector regulation.

These steps might, in principle, support emerging areas of strategic global importance, including transition finance, through efficiency and flexibility for key sectors. They might also contribute to stable background conditions for the provision of long-term patient capital to the domestic real economy, including, perhaps, the climate-resilient infrastructure sector.

While the policy options in this report are hypothetical and exploratory, intended to inform discussion, the issues are important given developments over the past few years in the global context affecting financial services business and investment across jurisdictions.

About this report

This report is owned and published by Catalyse Europe. It has been prepared by Lewis Webber in a personal capacity from the United Kingdom. The views expressed are those of the author and do not necessarily reflect the views of Catalyse Europe or any other institution in any jurisdiction.

The report uses and synthesises public information and analysis only, as available to 14 April 2026. It provides hypothetical, exploratory system-wide and sector-level policy analysis relating to the UK financial system and the associated regulatory framework. It is for general informational purposes only, intended to inform public policy discussion among policymakers, researchers, and sector observers. It does not constitute financial, investment, legal, or regulatory advice, and it does not contain investment recommendations or solicitations. It does not purport to constitute regulated financial services communication and should not be relied upon as a substitute for professional advice in any context.

Quantitative measures presented in this report are not forecasts. They represent indicative, hypothetical, order-of-magnitude ‘what-if?’ counterfactual aggregate analysis at the sector and system levels, relative to assumed baselines, based on numerous illustrative underlying modelling assumptions that are inherently uncertain. Alternative assumptions could produce materially different results. Such measures do not account for potential interaction or overlap between effects. They should not be relied upon for decision-making, and they have not been peer-reviewed.

International context is indicative and simplified, and not exhaustive.

While reasonable care has been taken in the preparation of this report, the publisher and the author make no representation or warranty as to the accuracy or completeness of the information contained herein and accept no responsibility for any errors or omissions.



About the author

Lewis Webber is an Independent Consultant based in the United Kingdom. He previously worked at the Bank of England for more than two decades. He holds an MSc in Finance from Imperial College London and an MSci in Physics from Durham University. See the About this report section above for important disclaimers and scope.



Overview

The financial sector in the United Kingdom, and particularly London, plays a crucial role facilitating international capital flows and other cross-border financial activity, in addition to intermediating savings and investment for the UK economy. The United Kingdom is a major net exporter of financial services (US\$127 billion) compared to other jurisdictions, even the United States. And the sector makes material contributions to national tax receipts (12%) and employment (7.5%), with early signs of self-sustaining agglomeration effects recently taking hold in some regions and cities like Leeds.¹ But under the surface, there may be structural opportunities to position the sector to respond to the global and domestic challenges ahead, including those associated with secular shifts like appropriately financing the climate transition and best harnessing AI.

Over the past decade, industry participants, regulators, and politicians appear to have experienced different but related frustrations associated with unintended and cumulative effects of slow-moving changes to the UK financial system that may have incrementally contributed to complexity and cost, leading to debate about regulatory proportionality.

It is therefore an opportune moment to ask: (a) how could these ebbs and flows be, fundamentally, ironed out through incentives that shape the UK's financial system architecture over long periods?; and (b) might there be more immediate ways to affect individual sectors, with potentially tangible real-world benefits, that could be unexploited?

(a) Retain but reframe (gradual coordination effects): Since the late 1990s, the United Kingdom has increasingly used independent delegated expert authorities to achieve key economic and financial policy goals on behalf of government. Evidence shows that this has had many benefits, it has been effective, and it is an approach that is mirrored internationally. But it may be worth considering whether emphasising system-level effects across such authorities could support coordination and hence contribute to rounded economic outcomes in a way that is straightforward, and suitably futureproofed, including to 'gold-plating', without undermining independent authority. This is similar in spirit to ideas advanced by some former UK policy officials and academics. Amongst other things, it could potentially contribute to stable background conditions for the provision of long-term patient capital. This, in turn, may contribute to objectives like sustainable economic growth, but it may take time for effects to come through.

(b) Targeted tweaks (sector effects): Over the past few years, regulators have adjusted various financial sector regulations for proportionality. Even still, there may be at least ten exploratory policy options that might, in principle, support overall efficiency and flexibility for the financial sector, including by alleviating operational burden. These span banks (1 ring-fencing), insurers (2 Matching Adjustment, 3 Part VII transfers), pension funds (4 superfunds), and asset managers (5 outcomes focus, 6 UK investment indexes), amongst others. Counterfactual analysis suggests that aggregate systemlevel effects could be material; indicatively, hundreds of billions of pounds sterling under illustrative but uncertain modelling assumptions relative to assumed baselines from those four sectors. But without the previous step, the underlying issues that may be responsible for today's frustrations could be left unresolved, risking a creeping re-emergence over time.

While hypothetical and exploratory, the policy options in this report are intended to be constructive, responsible, pragmatic, and, in principle, possible to consider individually and collectively. In any case, the scale and timing of any effects would likely depend heavily on implementation decisions and broader economic conditions.

The different exploratory policy options are intended to rely on only the broad assumption that all governments seek to pursue effective economic and financial policy outcomes, including regarding sustainable economic growth, employment, and international competitiveness (perhaps with targets or minima for those goals, and/or with a low-frequency independent technocratic check on at least cumulative effects). As such, they do not require fiscal measures. But these could, in principle, be incorporated as a third step to amplify incentives for change in particular market segments, if it were chosen by policymakers. For example, as has been suggested by others, sectors with business models that inherently lend themselves to holding long-term assets could be given incentives to do so, if it were deemed a priority. In any case, such decisions are likely most effective as part of a consistent overarching vision and strategy. The issues are important given developments over the past few years in the global context affecting financial services and business investment across jurisdictions.

¹ References for the facts quoted here can be found in line with the main text in Section 1, paragraphs 12–14.



Exploratory policy options

HIGH-LEVEL ANALYTICAL OVERVIEW, PARAPHRASED FOR BREVITY

For general informational purposes only – for policymakers, researchers, and sector observers. Quantitative measures presented in this report are not forecasts. They represent indicative, hypothetical, order-of-magnitude ‘what-if?’ counterfactual aggregate analysis at the sector and system levels, relative to assumed baselines, based on numerous illustrative underlying modelling assumptions that are inherently uncertain. Alternative assumptions could produce materially different results. Such measures do not account for potential interaction or overlap between effects. They should not be relied upon for decision-making, and they have not been peer-reviewed. The summary on this page is heavily simplified and should be read in context.

(a) Retain but reframe (gradual coordination effects)

Coordination between government and delegated expert authorities could potentially be supported while reflecting their independence by carefully revisiting the overarching framework

(b) Targeted tweaks (sector effects, indicatively c.£470 billion in aggregate under uncertain illustrative assumptions)

BANKS	<p>1 Ring-fenced banks with suitable recovery plans and regulatory track record could potentially be considered for pathways to conditional removal of the ring fence</p> <p>Indicative aggregate effect of c.£180 billion under uncertain illustrative assumptions from potential partial repurposing of deposit funding and lower compliance costs over time</p>
INSURERS	<p>2 Goals of the Matching Adjustment Investment Accelerator could potentially be broadened to generate system-level learning that could inform any future evolution of the Matching Adjustment framework</p> <p>Indicative aggregate effect of c.£40 billion under uncertain illustrative assumptions from potential admission of edge case assets over time</p> <p>3 Efficiency and predictability of Part VII transfers could potentially be supported via additional standardisation to reduce repeated work cycles</p> <p>Indicative aggregate effect of c.£0.9 billion under uncertain illustrative assumptions from potentially reduced execution costs over time, plus fewer expertise bottlenecks</p>
PENSION FUNDS	<p>4 Regulatory regime for superfunds could potentially be formulated to ensure their resilience while otherwise avoiding excessive impacts on, and procyclicality in, their portfolio decisions</p> <p>Indicative aggregate effect of c.£75 billion under uncertain illustrative assumptions from potential changes in aggregate capital supply to long-term assets over time</p>
ASSET MANAGERS	<p>5 Asset management regulation could potentially emphasise risk-based outcomes, supported by the framework for tailored and automated customer advice</p> <p>Indicative aggregate effect of c.£100 billion under uncertain illustrative assumptions from potential changes in aggregate capital supply to long-term assets over time</p> <p>6 Better integrated and widely recognised UK-focused indexes and sub-indexes could potentially contribute to conditions that support aggregate capital supply to UK companies</p> <p>Indicative aggregate effect of c.£75 billion under uncertain illustrative assumptions from potential changes in aggregate capital supply to UK companies over time</p>
DERIVATIVES AND CLEARING	<p>7 Balance sheet efficiency of clearing could potentially be supported via enhanced collateral optimisation and margin arrangements across CCPs, and accessibility via operational simplicity and legal certainty</p>
FINTECH	<p>8 Developing, scaling, and coordinating regulatory sandboxes leading into time-limited transition supervision could potentially support innovation</p>
INITIAL PUBLIC OFFERINGS	<p>9 Technical factors affecting the functioning of UK listings could potentially be kept under review, including regarding dual-class share structures</p> <p>10 Information availability and transparency could potentially be supported by development of alternative avenues for IPO research, including carefully managed connected-analyst research</p>



Other

- Government could potentially consider targets or minima for a handful of its highest-level, time-invariant economic and financial goals to support transparency regarding success metrics
- An independent body could potentially conduct and publish low-frequency checks on cumulative effects of economic policy and regulation to support collective focus on structural inefficiencies



Contents

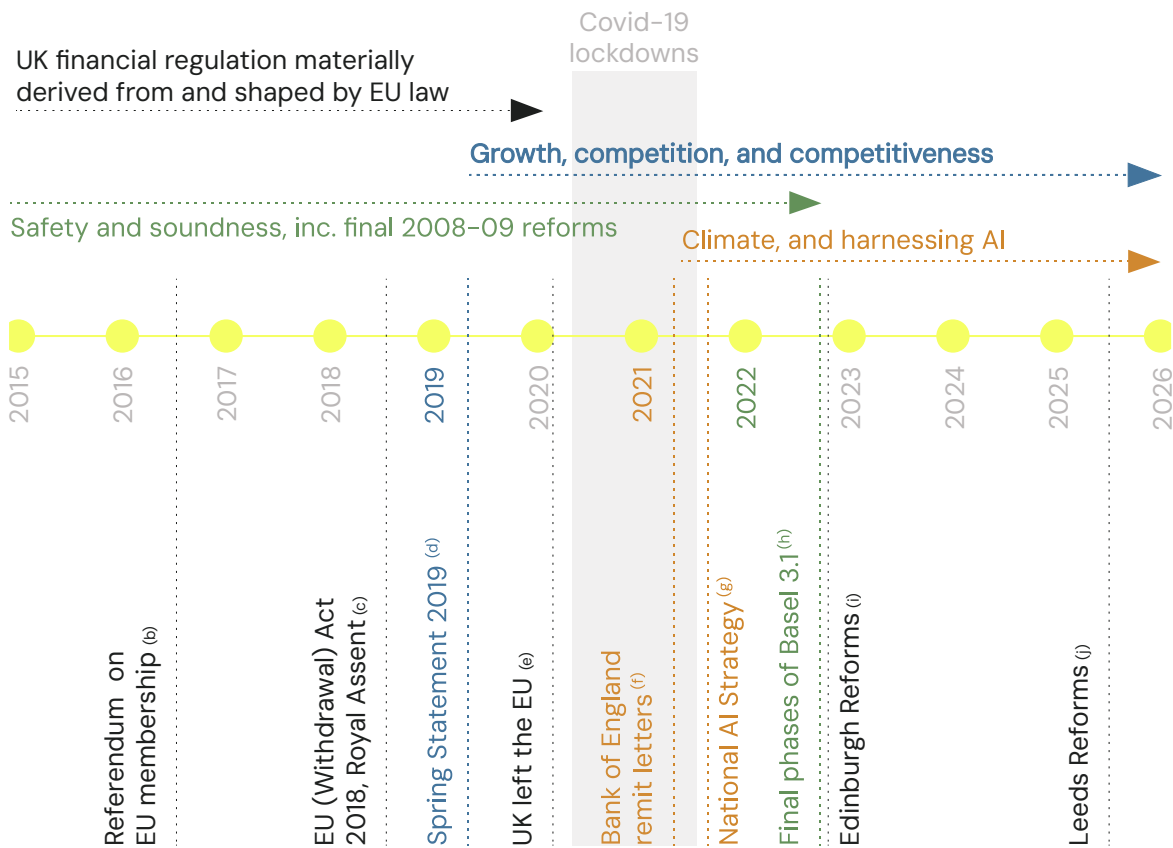
SECTION		PAGE
1	Background and international context	8–11
	Figure 1: Illustrative timeline of key aspects of debate regarding the UK financial sector	
	Table 1: Changes in indicative economic and regulatory narratives internationally	
2	Consideration of the framework for delegated expert authorities (Retain but reframe)	12–15
2.1	Frustrations	12
2.2	Opportunities	12–15
	Table 2: Illustrative conceptual framing for UK economic and financial policy, and regulation	
	Table 3: Illustrative interpretive framing of objectives for independent delegated expert authorities	
	Table 4: Examples of potential thematic effects associated with the illustrative framing	
3	Sector-level regulatory considerations affecting the system (Targeted tweaks)	16–18
	Table 5: Ten sector-level exploratory policy options	
	Table 6: Indicative aggregate sector and system-level effects associated with selected exploratory policy options under illustrative counterfactual modelling assumptions	
4	Summary	19
	Figure 2: Possible layered strategic approach	
ANNEX		
1	UK legislative, policy, and regulatory changes made, shelved, and withdrawn	20–21
	Table A: Selected changes made since 2015	
	Table B: Selected changes proposed but shelved, and measures withdrawn, since 2015	
2	Overview of regulatory setup in the United Kingdom	22–23
	Table C: Summary of objectives for selected delegated expert authorities	
3	Banks (Exploratory policy option 1)	24
4	Insurers (Exploratory policy options 2 and 3)	25–26
5	Pension funds (Exploratory policy option 4)	27–28
	Table D: Simplified overview of regulatory approach to superfunds and adjacent regimes	
6	Asset managers (Exploratory policy options 5 and 6)	29–30
7	Derivatives and clearing (Exploratory policy option 7)	31
8	FinTech (Exploratory policy option 8)	32
9	Initial Public Offerings (Exploratory policy options 9 and 10)	33
REFERENCES		34–40
ABBREVIATIONS		41



1 Background and international context

1 Over the past decade, the debate regarding the UK's economic, financial, and regulatory framework has shifted emphasis between three overarching themes, from: (i) finalising reforms following the Global Financial Crisis of 2008–09 to achieve a prevailing priority of enhanced 'safety and soundness'; to (ii) concerns about the possible effects on overall economic outcomes, including 'growth, competition, and competitiveness'; and most recently, to (iii) ensuring the system as a whole is well placed to meet the challenges associated with secular shifts, including 'climate, and harnessing AI' (Figure 1).

Figure 1: Illustrative timeline of key aspects of debate regarding the UK financial sector^(a)



Sources: HM Government, Institute for Government, and analysis for this report.

(a) The regimes indicated by the green, blue, and orange arrows should not be interpreted as ever being mutually exclusive. At all times, 'safety and soundness' is a key foundation of, and necessary for, continuity of provision of financial services. The Figure is illustrative, intended to show how UK public debate has shifted broad focus over time from mainly 'safety and soundness' in the period to around 2022, overlapping with 'growth, competition, and competitiveness' from around 2019, and folding in 'climate, and harnessing AI' from around 2021.

(b) 23 June 2016.

(c) 26 June 2018. Provided the framework for the United Kingdom to leave the European Union, converting applicable regulations into EU-derived domestic legislation. Amended by the EU (Withdrawal Agreement) Act 2020.

(d) 13 March 2019. Amongst other things, Chancellor Hammond's Statement emphasised that while navigating EU withdrawal "It is vital that the UK remains an open and competitive place to do business". See HM Government (2019), 'Spring Statement 2019', Hansard, Volume 656.

(e) 31 January 2020, after which the Transition Period started, running to end-2020.

(f) 3 March 2021. MPC and FPC remit letters, noting government's climate-related goals.

(g) 22 September 2021. Ten-year plan to strengthen the UK's position as a "global superpower in AI".

(h) 30 November 2022. PRA published CPI6/22 proposing how remaining Basel 3.1 standards would be implemented in the United Kingdom.

(i) 9 December 2022. Chancellor Hunt set out a package of reforms intended to support an "open, sustainable, and technologically advanced financial services sector that is globally competitive".

(j) 15 July 2025. Announced by Chancellor Reeves alongside her Mansion House speech. The accompanying Financial Services Growth and Competitiveness Strategy says that "the UK must now regulate not just for risk, but for growth" including by "Delivering a competitive regulatory environment" and "Embracing innovation and leveraging the UK's Fintech leadership". Quoted from the Executive Summary.



2 Against this backdrop, there has been a large volume of legislative, policy, and regulatory changes, driven partly by the UK's decision in 2016 to leave the European Union, affecting banks, insurers, pension funds, asset managers, and other sectors (**Annex 1**). In addition, a few proposals have been formally made by the relevant authorities but shelved before reaching enactment – as opposed to being reframed or recalibrated, which has occurred more often. These have generally related to organisational culture issues and enforcement for regulated firms, rather than measures directly affecting regulation of their balance sheets or business activities.

3 Because there have sometimes been lags moving from initial policy ideas through to enactment, sometimes materially, **it has often been the case that implementation of changes emerging from a period characterised by any given overarching theme has been partly back-loaded, sometimes flowing into subsequent periods.** To some extent, this is likely unavoidable given the issues are very often complex and require appropriate deliberation and care, particularly when they also involve international standards. But broadly speaking, greater synchronicity is likely to support coherence, consistency, and understanding.

4 For example, while a handful of the recommendations from Lord Hill's UK Listings Review published in March 2021 fed through to changes by the Financial Conduct Authority (FCA) before the end of that year, full implementation of the recommendations that were agreed to be taken forward was reached around 3.5 years later, in July 2024.²

5 Putting to one side the point about timing, viewed individually, **the direct implementation effects of many reforms over the recent past have perhaps been well aligned with their intended effects.**

6 For example, at the start of 2019 (coincidentally roughly around the time that Parliament began laying the framework to enact the UK's departure from the European Union), ring-fencing formally came into force to separate retail banking services from investment banking activities to protect retail banking from shocks originating elsewhere in banking groups. Banks in scope complied on the expected schedule. While the Prudential Regulation Authority (PRA) has recently identified areas to make the ring-fencing regime more proportionate, it nevertheless concluded that overall "most rules are performing satisfactorily ..." and "... appear to be well understood by firms".³ Even if that is the case, **industry participants and other commentators continue to express concerns about unintended effects,**⁴ in this example, from potentially reducing ring-fenced banks' international competitiveness and ongoing operational compliance costs.

7 A similar narrative may apply to many other reforms over the past decade – intent and direct effects perhaps well aligned, particularly after recent re-evaluations and recalibrations considered by regulators seeking to support proportionality, but with potential unintended effects of varying materiality and speed with which they have manifest.

8 **The cumulative effect across regulation is perhaps even more important than unintended effects** associated with its different facets.⁵ It is often cited by industry participants as underappreciated, in terms of the overall complexity and cost of doing financial services business in the United Kingdom,⁶ and the impact on economic outcomes.

9 As these changes have occurred in the United Kingdom, **other jurisdictions have also broadened their focus beyond containment of risks** following the Global Financial Crisis of 2008–09. In some cases, this has been **coupled with comparatively greater government involvement to use financial sector policy as a lever to achieve their wider strategic goals.**

² This was mainly a domestic policy exercise unlike, say, Basel 3 which involved an even longer period of international negotiation, agreement, and implementation (as a central plank of major reforms to the core of the global financial system following Global Financial Crisis of 2008–09).

³ Prudential Regulation Authority (2024), 'Review of ring-fencing rules'. Quoted from the Executive Summary.

⁴ For example, see Wright, W, Breen, C, Thornhill, J and Hames, M (2024), 'A focus on market outcomes: evaluating the UK regulatory framework', New Financial.

⁵ This is because the cumulative effect encompasses both intended and unintended effects, so it must be at least as big as unintended effects. It is considered in this report without taking any upfront judgement about the suitability of regulatory risk aversion. For example, see Vitali, J and Marsh, Z (2024), 'The Rise of the Regulators', Policy Exchange, which argues that there may have been a 'risk aversion ratchet'.

⁶ For example, see Chapter 2, paragraph 46 of House of Lords (2025), 'Growing pains: clarity and culture change required', HL Paper 133.

10 Broadly speaking, the approaches in the United Kingdom and United States have continued to reflect principles-based and rules-based elements.⁷ But the United States has shifted towards a comparatively market-oriented, economically self-reliant approach, including sharp debate about deregulation. The euro area has remained comparatively rules-oriented, with recent emphasis on capital markets development to support economic growth. And jurisdictions in Asia have often developed state-led coordination-based and whole-of-government approaches that combine rules and guidance to achieve strategic development goals, including in the cases of Singapore, Hong Kong, and UAE, which have sought to rapidly expand as global financial hubs (Table 1).⁸

Table 1: Changes in indicative economic and regulatory narratives internationally^(a)

Jurisdiction and selected financial centre		Indicative economic and regulatory narrative	
		2015	2026, greater emphasis on
United Kingdom	London ^(b)	Safety and soundness via tighter regulation	Economic growth, competition, and competitiveness, and broad challenges like climate transition and AI (see Figure 1)
United States	New York ^(c)	Safety and soundness via tighter regulation	Market-oriented dynamism, economic self-reliance, and evolving regulatory approach ^(d)
Euro area	Frankfurt ^(e)	Safety and soundness, inc. containing any residual perceived sovereign risks	Capital markets development to support broader economy ^(f)
Switzerland	Zurich	Reputation-based, comparatively less intrusive but well-regarded regulation	Perceptions about financial stability and regulation following recent banking sector stress ^(g)
Canada	Toronto	Safety and soundness via maintaining rather than tightening regulation ^(h)	Cross-border financial partnerships ⁽ⁱ⁾ while maintaining stability
Australia	Sydney	Safety and soundness via targeted tighter regulation	Economic growth and competition, evolution of macroprudential approach, and innovation ^(j)
Japan	Tokyo	Financial stabilisation amid deflation	Financial sector policy as part of macroeconomic toolkit, inc. pension and asset management reforms ^(k)
Singapore	Central District	Building global financial hub	State-led coordination with financial sector development and competitiveness as part of integrated industrial strategy ^(l)
Hong Kong	Central District	Global intermediary with China	Cross-border access inc. development as regional gateway ^(m)
UAE	Abu Dhabi	Regional financial diversification inc. beyond hydrocarbons	State-led development as global financial hub inc. economic and financial strategy as mechanism for broader influence ⁽ⁿ⁾
India	Mumbai	Financial inclusion and banking system stabilisation	Technology-enabled financial sector development and market deepening ^(o)

Sources: References cited in Annexes 3–9, and analysis for this report.

- (a) Selected jurisdictions. The summary in this table is a simplified, indicative interpretation for context, and it is not exhaustive. See also Annexes 3–9.
- (b) Edinburgh has long been a key asset management hub. Leeds has become an important emerging FinTech hub.
- (c) San Francisco is an important FinTech hub. Chicago is a global hub for derivatives and risk management.
- (d) For example, see International Monetary Fund (2026), 'Staff Concluding Statement of the 2026 Article IV Mission'.
- (e) The European Central Bank is based in Frankfurt. Paris is also an important hub, including for banking.
- (f) The Savings and Investment Union was launched by the European Commission in 2025 as a major initiative to support integration of EU capital markets and mobilisation of capital towards productive investments. See References.
- (g) Credit Suisse failed in 2023 following a loss of investor confidence and liquidity outflows. Acquired by UBS.
- (h) Canada did not experience a major banking crisis following the Global Financial Crisis of 2008–09.
- (i) For example, the Canadian–Australian Pension Funds Investment Initiative agreed in March 2026. See Annex 5.
- (j) For example, see Australian Prudential Regulation Authority (2020), 'Submission to the Senate Select Committee on Financial Technology and Regulatory Technology'.
- (k) For example, see Deloitte (2025), 'Shaping tomorrow through investment: Japan's vision as a leading asset management center', Performance Magazine, Issue 47.
- (l) For example, see Lee, N, Ni, M, and Boey, A (2024), 'The Scale-up State: Singapore's Industrial Policy for the Digital Economy', London School of Economics and Political Science, Southeast Asia Working Paper Series, Paper No. 11.
- (m) For example, see Section 3 of EY (2025), 'Hong Kong's role in the Belt and Road: from super-connector to value-adding partner', Special Edition of the Navigator report for the Belt and Road Summit 2025 in Hong Kong.
- (n) For example, see Chaziza, M and Lutmar, C (2025), 'The UAE's niche diplomacy in the Middle East: authoritarian strategies of a middle power', Global Security: Health, Science and Policy, Vol. 10, No. 1.
- (o) For example, see Schroders (2023), 'How technology is transforming India's economy', Insight by Jigar Gandhi.

⁷ Principles-based approaches focus on outcomes, generally achieved through reliance on expertise and judgement. Rules-based approaches are more prescriptive and focused on compliance, with less room for interpretation.

⁸ This overview is indicative and simplified, for context, and not exhaustive.

¹¹ Despite the significant changes affecting the United Kingdom and the broader global landscape over a long period, various survey measures suggest that London has maintained its status as one of the leading financial centres⁹ – even though some important metrics have ticked down over the past decade relative to the size of the UK economy and compared to other major jurisdictions.¹⁰ There are likely deep structural reasons for this, including the long-standing strength and reputation of the UK's legal system, its monetary and regulatory frameworks that use independent delegated expert authority, its time zone which, like other European jurisdictions, straddles business days in the United States and Asia, and English being the main language used for international business.¹¹

¹² Consistent with this, financial services remain a key net export for the United Kingdom (US\$127 billion), which is even larger than for the United States (US\$64 billion), with export destinations spanning the globe.¹² The UK financial system is therefore of broad international interest, across jurisdictions and sectors.

¹³ The UK financial and related professional services sector is, of course, also vital from a domestic standpoint. It intermediates savings and investment for UK households and businesses (for example, today, the stock of mortgage lending is c.£1.7 trillion).¹³ It is a material source of tax (c.£110 billion per annum, or c.12% of total receipts)¹⁴. And it employs around 2.5 million people (c.7.5% of total UK employment), of which two thirds is outside London.¹⁵

¹⁴ Over the past few years, many official sector and private sector employers in and related to the UK financial services industry have actively sought to develop their geographical footprint as part of their business strategies, including to broaden their talent pools. This has contributed to early signs of self-sustaining agglomeration effects¹⁶ in some cities and regions, particularly Leeds and the surrounding area.¹⁷ Leeds has become an important emerging FinTech hub outside London. Data from the Office for National Statistics show that annual productivity growth in Leeds and some other cities has outpaced London, particularly since 2019.¹⁸ More broadly, it has been estimated that roughly two thirds of UK technology companies are based outside London.¹⁹

⁹ Survey rankings are unavoidably dependent on the questions asked and the aggregation methods used, but they paint a broadly consistent picture regarding London. For example, twice per year, Z/Yen and China Development Institute publishes its Global Financial Centres Index, which aggregates information from survey respondents' views, captured using a questionnaire, and a statistical model that incorporates information from a variety of quantitative indicators (www.longfinance.net/programmes/financial-centre-futures/global-financial-centres-index). Over the past decade, London has been ranked first or second, alternating with New York. Hong Kong and Singapore have generally occupied third and fourth positions, also alternating over time, sometimes slipping a few places lower. Similarly, The City of London Corporation's Global Financial Centre scores currently place London and New York in the top two cities globally, with Singapore third, but Hong Kong a few places further down (www.theglobalcityuk.com/insights/our-global-offer-to-business).

¹⁰ For example, see the report noted in footnote 4.

¹¹ For example, see Section 2.4 of PwC (2016), 'Leaving the EU: Implications for the UK financial services sector'

¹² TheCityUK (2026), 'Key facts about the UK as an international financial centre 2025', Figure 2. The net trade balance is much smaller for other jurisdictions, including Hong Kong and Singapore, which survey measures suggest are often regarded among the next leading locations. Exports for UK financial services and related professional services are split roughly equally between the United States, European Union, and the rest of the world. These and other facts are unpacked further at www.thecityuk.com/our-work/key-facts-about-the-uk-as-an-international-financial-centre-2025.

¹³ Financial Conduct Authority (2026), 'Mortgage Lending Statistics (Q4 2025 edition)'. Data are available from www.fca.org.uk/data/mortgage-lending-statistics.

¹⁴ City of London (2025), 'City of London Corporation Autumn Budget Response 2025'. Its recommendations in this regard can be found at www.theglobalcityuk.com/insights/city-of-london-corporation-autumn-budget-response-2025

¹⁵ TheCityUK (2025), 'Key facts about UK-based financial and related professional services 2025', Executive Summary. See, www.thecityuk.com/our-work/key-facts-about-uk-based-financial-and-related-professional-services-2025

¹⁶ Positive economic externalities from people and companies being geographically close to each other.

¹⁷ The emergence of Leeds as a hub has been heavily influenced by the official sector. The National Wealth Fund is headquartered in Leeds. The Bank of England and the Financial Conduct Authority have both opened offices in Leeds, though their main offices remain in London. HM Treasury has Darlington campus, but its main office is also in London.

¹⁸ The Centre for Cities offers a summary at www.centreforcities.org/blog/are-britains-big-cities-catching-up-with-london.

¹⁹ Startups Magazine (2026), 'Two-thirds of UK tech companies are based outside London'. Further details available from <https://startupsmagazine.co.uk/two-thirds-of-uk-tech-companies-are-based-outside-london>

2 Consideration of the framework for delegated expert authorities (Retain but reframe)

15 Taken together, the facts in the previous section illustrate how the UK financial sector, and particularly London, plays an important role internationally and domestically. But there have been important developments in the global context. And **under the surface, frustrations and hence opportunities may persist, despite adjustments made to various pieces of financial sector regulation over the past few years by the relevant authorities aimed at supporting proportionality.**

2.1 Frustrations

16 It has long been the case that **government** officials and representatives, including at senior levels, have periodically been reported in public media as wanting to be able to influence more fully delegated expert authorities like the Bank of England, FCA, and The Pensions Regulator (TPR) to achieve broad economic policy goals, while respecting independent pursuit of their mandates.²⁰

17 At the same time, **delegated expert authorities** appear to have faced the challenge of holding the line across their responsibilities when the prevailing mood shifts in a way that may elevate tensions with their fixed mandates.²¹ Amongst other things, this could plausibly be to the detriment of coordination with government, from the perspective of overall system-level outcomes. At the least, it seems plausible to think it could be distracting.

18 And comments from **industry participants** suggest they have sometimes experienced a disconnect between a broad, genuine, and long-standing recognition of the importance of the financial sector on the one hand, and their day-to-day experience of regulatory frictions and complexity on the other, including from the uneven pace of changes announced but incomplete²² and, in some cases, arising from approaches that are materially different to other jurisdictions.

19 This characterisation suggests that, **from the perspective of overall system-level outcomes, it is worth considering if there simultaneously could be insufficient coordination between government and delegated expert authorities, and too much coordination within them.** If this were the case, it could lead to confusion among industry participants about the overall strategy for the UK financial sector and perhaps missed opportunities internationally and domestically that might otherwise have had important real-world effects.

2.2 Opportunities

20 If the inference above is reasonable, and in the context of the Section 1 overview, **it may be worth considering whether there could be ways to shape the goals and underlying incentives of key segments within the UK financial system (i.e. government, delegated expert authorities, financial sectors) to avoid contributing to incremental complexity over time, perhaps because of uneven focus on unintended and cumulative effects, which periodically becomes sufficiently material to generate broad questions about overall proportionality.**

Part A: Coordination between government and delegated expert authorities

21 To support coordination between government and delegated expert authorities, it could be worth revisiting the overarching framework in a way that seeks to be joined up and no more disruptive than necessary. **One possibility could be to gently interpretively adapt the crucial role of delegated expert authorities, reflecting their independence, which international experience over the past few decades has shown to be the best approach (Annex 2).** This has not been considered broadly in the United Kingdom for a long time.²³ It would need to proceed carefully. But it could be worth considering now because economic and regulatory reforms have been extensive but mostly proceeded piecemeal, focused on specific sectors and markets, albeit often enabled by broad pieces of legislation like the Financial Services and Markets Act (FSMA) (for example, see again Section 1 and the two related tables in Annex 1).

²⁰ For example, in July 2025, it was widely reported by the UK media that Chancellor Reeves did not meet with Revolut and representatives from HM Treasury and the PRA regarding the status of Revolut's authorisation application, reportedly to preserve the independence of the regulatory process. And, during 2022–23, there were reports in the financial press that HM Treasury and the PRA had disagreements about the need to make certain technical changes as part of the Solvency UK reforms because of their different perspectives on some issues.

²¹ For example, on 13 September 2023, the Chair of the Work and Pensions Committee, Sir Stephen Timms, wrote to the CEO of the PRA, Sam Woods, saying the Committee was unclear about aspects of the PRA's position regarding superfunds. The letter is available from <https://committees.parliament.uk/publications/41753/documents/206723/default>. It was often interpreted by commentators at the time as thinly veiled criticism.

²² For example, see Thornhill, J (2025), 'The Edinburgh and Leeds Reforms: a progress report', New Financial.

²³ In 1997, the Bank of England was granted independence for monetary policy. In 2013, the Financial Services Authority (FSA) was disbanded, with prudential supervision moving to the PRA within the Bank of England and responsibilities for conduct and market integrity moving to the newly created FCA. See also Annex 2 and the references it contains.

22 A reasonable approach could be to start from the highest-level objectives that any government is likely to want to pursue, and the broad ways in which those objectives could be achieved, to ensure that any downstream interpretive framing and responsibilities might remain genuinely fixed. One generic way to conceptualise this, to inform discussion, is shown in Table 2.

Table 2: Illustrative conceptual framing for UK economic and financial policy, and regulation

Aspect	Possible framing	Explanatory comments
Illustrative government high-level objective^(a)	Overall <i>"Achieve the best overall outcomes ..."</i> Economic <i>"... inc. by responsibly maximising economic growth, employment, and competitiveness ..."</i>	Possible overarching goal Possible mechanisms to achieve the overall goal, focused on important real world outcomes
Illustratively achieved by^(b)	Ambition <i>"... through world-leading ..."</i> Approach <i>"... system-focused, proportionate, judgment-based economic policy and financial regulation ..."</i> <i>"... that is also future-focused while meeting the challenges of today"</i>	Possible way to recognise the starting point and deep-rooted features inc. legal system, institutions, time zone, and language Possible way to support focus on aggregate effects of regulation within and across delegated expert authorities while reflecting independence Possible way to support adaptability and autonomy without undermining predictability ^(c)

Source: Analysis for this report.

(a) Intentionally framed broadly, intended to help ensure that high-level objectives may be least likely to be changed.

(b) May be intrinsically more susceptible to time variation, though framed here to incorporate enduring concepts under which further detail could sit, again intended to help ensure they may be as fixed as possible.

(c) Amongst other things, this could potentially help accommodate secular shifts.

23 With this illustrative conceptual framing, it may be possible to unpack a consistent way of viewing delegated expert authority's objectives that, through its structure, reflects their independence while at the same time emphasising government's high-level goals and rounded system-level outcomes as analytical impetus for coordination (Table 3). Coordination is, of course, already implied by delegated authority's secondary objectives and 'have regards' statements. A potential advantage of this additional framing is that it might gently support collective focus on unintended and cumulative effects that might, in principle, straddle authorities without generating risks or other issues that naturally draw attention for any one of them. It is intended to be straightforward, without being disruptive or weakening standards. It could be worth exploring possibilities along these lines as a pragmatic approach to building on existing strengths and responsibilities while simultaneously realising some of the effects from whole-of-government, coordination-based approaches common in fast-developing jurisdictions, as outlined in Section 1.

Table 3: Illustrative interpretive framing of objectives for independent delegated expert authorities

Aspect	Bank of England	Financial Conduct Authority	The Pensions Regulator	Financial Services Compensation Scheme	
Illustrative interpretive framing	Common	<i>"Achieve the best overall outcomes ..."</i> <i>"... by supporting government objectives to responsibly maximise economic growth, employment, and competitiveness ..."</i> <i>"... through world-leading ..."</i>			
Achieved by	Unique and independent^(a)	<i>"... monetary policy, financial stability policy, and prudential regulation ..."</i> ^(b)	<i>"... regulation of financial conduct and market integrity ..."</i>	<i>"... oversight of occupational pension schemes, inc. auto-enrolment and admin. practices"</i>	<i>"... protection of consumers with claims against failed financial firms"</i>
Illustrative interpretive framing	Common	<i>"... that is appropriately system-focused, proportionate, and judgment-based ..."</i> <i>"... and future-focused while meeting the challenges of today"</i>			

Sources: HM Government, and analysis for this report.

(a) Paraphrased and abbreviated from independent delegated expert authority's objectives. See also **Annex 2**. To be clear, this does not imply changing objectives. Rather, it represents hypothetical analytical framing that could potentially support coordination.

(b) For example, regarding monetary policy, this does not imply modifying inflation targeting or, for example, introducing something like a dual mandate, such as in the United States. Theory and experience suggest that while low and stable inflation is needed to maximise the sustainable rate of economic growth, it is otherwise little impacted by monetary factors (for example, see Fisher (2025)). In practice, therefore, the possible interpretive framing in this table may be less relevant to the pursuit of monetary policy than it might be for prudential, conduct, and market regulation, or financial stability policy. That said, monetary stability, financial stability, and the different facets of regulation are inherently intertwined, particularly in stress events, providing rationale for potentially considering all three. Doing so could also preserve symmetry, which may support understanding.

24 Examples of thematic effects that might naturally flow from this framing are shown in **Table 4**.

Table 4: Examples of potential thematic effects associated with the illustrative framing

Theme	Includes	Comments
A Proportionality	Tone across all policy communications, balancing opportunities and threats Prudential calibrations and other standards	Could potentially contribute to conditions for economic growth and rounded system-level outcomes Could potentially support efficiency and flexibility via embedded focus on overall proportionality
B Agility	Regulatory complexity and duplication Speed of processes, inc. authorisations and approvals	Could potentially support efficiency and flexibility by alleviating compliance burden and barriers to entry Could potentially support efficiency via embedded focus on overall proportionality
C Future-focus	Technological stance	Could potentially support efficiency and flexibility, inc. via responsible use of AI and automation ^(a)

Source: Analysis for this report.

(a) There have been many important initiatives in this area over the past few years within and beyond the UK financial sector. In March 2026, HM Government announced the launch of a new AI Research Lab to “unlock breakthroughs which could transform healthcare, transport, science and everyday technology”. Details are available from www.gov.uk/government/news/government-to-create-new-lab-to-keep-uk-in-the-fast-lane-on-ai-breakthroughs.

25 This hypothetical analysis and the observations behind it are similar in spirit to ideas previously advanced by other researchers, including former UK policy officials and academics.^{24,25} They flow from the points that: dimensions of economic and financial policy that have historically been regarded as distinct are ultimately unlikely to be separable; and it is possible that institutional boundaries might undermine pursuit of a jurisdiction-level strategy. But they differ from existing arguments²⁶ in their links to possible unintended and cumulative effects of economic policy and regulation, which, depending on institutional arrangements, might, in principle, become important over long periods.

26 A further supporting measure that could potentially be considered might be government choosing to set targets or minima for a handful of its highest-level, time-invariant economic and financial goals.²⁷ This kind of impetus may be helpful to the extent that achieving such goals naturally involves structural rather than cyclical policy, where any costs of inaction might more easily remain hidden.

²⁴ For many years, Charles Goodhart (London School of Economics and Political Science) has argued that monetary and fiscal coordination is a practical necessity, including since the Global Financial Crisis of 2008-09 because the boundaries were blurred by Quantitative Easing and emergency lending. Diane Coyle (University of Cambridge) has long argued that delegated expert authorities could coordinate around shared national objectives. And John Kay (University of Oxford) has argued that regulation could be aligned with broad economic purpose, not technocratically separated.

²⁵ See also New Capital Consensus (2025), ‘Effective Investment: How to stimulate UK productivity and growth’. In the context of system-wide outcomes, it notes in Section 4 as a potential weakness of the current approach that “economic and social productivity goals are not integrated into regulatory objectives”.

²⁶ In April 2026, the Governor of the Bank of England gave a speech that is highly relevant to the themes in this section of this report, but with different emphasis and conclusions, focused on monetary policy and financial stability. The speech says that “It is, however, interesting, and I think remains an open question to consider where are the limits of what an independent central bank should do in the financial stability space”, “But, I see merit in creating a single overarching narrative with a strong focus on the value of money ... because independence in respect of financial stability is otherwise not as robust, and I would argue not robust enough”. See Bailey, A, (2026), ‘Central Bank Independence – in need of further thinking’, speech at Columbia University, New York.

²⁷ Illustratively, from 2030, at least 2% annual nominal GDP growth floor (permanent goal) with, for example, 5% annual growth in transition finance between 2030-35 (supplementary medium-term strategic goal).

27 Additionally, it may be worth considering whether there could be merit in an independent body conducting low frequency, high-level technocratic checks on at least the cumulative effects of the totality of economic policy and regulation, and maybe also the unintended effects, performed and published annually or semi-annually. This could be in a similar spirit to how the Office for Budget Responsibility (OBR) provides analysis of the outlook for government finances.²⁸ While it may be uncomfortable, particularly at first, it could potentially help support focus on otherwise latent inefficiencies, including from any internal inconsistencies, 'gold-plating', and so on.

Part B: Coordination within delegated expert authorities

28 In parallel to the considerations above, it may also be worth reflecting on whether there could be too much coordination within delegated expert authorities, for example associated with a desire to produce joined-up decisions and messaging. In this regard, it has been suggested that within the Bank of England, the Financial Policy Committee (FPC) could be more of a robust internal challenger to the Prudential Regulation Committee (PRC), including earlier this year by the National Institute of Economic and Social Research (NIESR) in the context of bank stress testing.²⁹ There could be various mechanisms to achieve this effect if, on balance, it were judged by policymakers to be needed. At one end of the spectrum, consideration could be given to modifying key publications to include more extensive devil's advocate-type analysis and deliberation in areas where objectives may pull in materially different directions. This could be consistent with other developments over the past few years, including the creation of the Cost Benefit Analysis Panel in 2024, which the Bank of England has described as a "critical friend ... supporting increased transparency and scrutiny"³⁰ regarding its work. At the other end of the spectrum, modest but potentially impactful changes could be considered to how decision-making committees operate, perhaps to structurally inject constructive tension via differentiated roles and responsibilities of their members.

29 That said, it is important to recognise that, by itself, joined-up optics across responsibilities does not necessarily imply a lack of private internal debate at decision-making or staff level. These issues have been more widely discussed in recent times than those in the preceding sub-section, so they are not explored further here. But they may be only one side of the coin.

²⁸ Some commentators have suggested an evaluation of OBR, including the Trades Union Congress (see References for its News Listing from November 2025). Irrespective of that, the possible function described here could most naturally sit outside existing delegated expert authorities to be neutral and independent of them, since the issues of interest (cumulative and perhaps unintended cost) may relate to them all.

²⁹ Aikman, D (2026), 'Stress testing needs a reset', National Institute of Economic and Social Research. In the context of bank stress testing, the author suggests that "there needs to be more constructive tension inside the Bank [of England]" given the distinct roles of PRC and FPC.

³⁰ Bank of England (2024), 'The Bank of England's approach to cost benefit analysis', Statement of Policy. Quoted from the Executive Summary.

3 Sector-level regulatory considerations affecting the system (Targeted tweaks)

³⁰ An important way in which the financial sector supports economic growth (a key part of the hypothetical interpretive framing set out in the previous section) is through the smooth provision of financial services across the economic cycle. There are different aspects to this, a vital one of which is the availability of capital to businesses and households on reasonable terms.

³¹ As such, it can be worth identifying measures that may support efficiency and flexibility for different sectors, including by alleviating operational burden, provided they do not undermine safety and soundness. Ten hypothetical, exploratory policy options intended in this spirit are presented in **Table 5**. They are intended to be worthy of consideration individually and collectively, without reliance on fiscal incentives, though they could be given impetus that way, in principle, if chosen by policymakers. Exploratory policy options 1–6 may be especially impactful. Further explanations about, and the possible effects associated with, each can be found in **Annexes 3–9**, including broad comparisons with other jurisdictions.

³² The potential effects of these exploratory policy options are hard to estimate for various reasons. They do not propose to be prescriptive about the possible outcomes of supporting efficiency, flexibility, and reducing operational burden for key sectors, although in many cases there could be incentive effects, as explained in the detailed Annexes. In any case, **any quantification of effects can only be indicative** because ‘what-if?’ counterfactual analysis unavoidably relies on various underlying assumptions that are inherently uncertain. And there would almost certainly be important reinforcing and dampening general equilibrium effects³¹ that can be difficult to anticipate. **With those caveats in mind, hypothetical counterfactual modelling of the partial sector-by-sector exploratory policy options suggests the effects could potentially be material, cumulatively in the region of hundreds of billions of pounds sterling, as summarised in Table 6.**³² Of course, in practice, the scale and timing of any effects would also depend heavily on any implementation decisions and broader economic conditions.

³³ Overall efficiency and flexibility can be important considerations for the UK financial system for various reasons, including because of their potential to affect the capacity of key sectors to support emerging areas of strategic global importance, such as transition finance. In principle, it is possible that the effects may be material, even if indirect – via balance sheet flexibility, avenues for internal capital allocation, and operational simplicity that consumes less management and expert attention than might otherwise be the case. Amongst other things, this could relate to the work of the Transition Finance Council, which, since February 2025, has sought to build in the United Kingdom “a trusted, scalable ecosystem that mobilises capital for the net zero transition at pace and scale”.³³ The Transition Finance Council has reported that, in 2025, global investment in the energy transition was £2.3 trillion.

³¹ In other words, accounting for the full system-wide impacts, including all indirect effects, which could be numerous. For example, these might include productivity spillovers, changes in risk-sharing, and changes in financial market conditions.

³² This is not a forecast. See the explanations in **Table 6** and at the start of this report. But for approximate scale, the illustrative sum of components is in the region of c.2% of UK financial system assets (figure for which from House of Commons Library (2024)) and c.4% of the UK’s net worth (figure for which from Office for National Statistics (2025)).

³³ In March 2026, the Transition Finance Council published an exposure draft of its Transition Finance Guidelines, alongside its Year-end Progress Report, Implementation Handbook, and four policy briefs for scaling transition finance. The quotes here are taken from the Executive Summary of its Year-end Progress Report. Documents are available from www.theglobalcity.uk/sustainable-finance/opportunities/transition-finance/transitionfinance-council.

Table 5: Ten sector-level exploratory policy options^(a)

Market segment	Exploratory policy options	Possible effects	Selected regions and jurisdictions	Relevant authorities	Related examples ^(b)	
Core institutional sectors	Banks <i>See also Annex 3</i>	1 Ring-fenced banks with suitable recovery plans^(c) and regulatory track record could potentially be considered for pathways to conditional removal of the ring fence	Could potentially contribute to efficiency and so competitiveness	Most jurisdictions do not have similar comprehensive structural ring-fencing	Prudential Regulation Authority	Various, inc. Skeoch Review, UK Finance, and others ^(d)
	Insurers <i>See also Annex 4</i>	2 Goals of the MAIA could potentially be broadened to generate system-level learning that could inform any future evolution of the MA framework^(e)	Could potentially support alignment between regulation and wider public policy	Other jurisdictions use MA but generally do not have a direct MAIA equivalent	Prudential Regulation Authority	Phoenix Group ^(f) and others
		3 Efficiency and predictability of Part VII transfers could potentially be supported via additional standardisation to reduce repeated work cycles, inc. for multi-portfolio 'umbrella' transfers	Could potentially contribute to efficiency and so competitiveness	Ireland and parts of United States have partly similar approaches to United Kingdom ^(g)	Prudential Regulation Authority, Financial Conduct Authority	General idea that efficiency can be helpful, other things being equal
	Pension funds (superfunds) <i>See also Annex 5</i>	4 Regulatory regime for superfunds could potentially be formulated to ensure their resilience while otherwise avoiding excessive impacts on, and procyclicality in, their portfolio decisions^(h)	Could potentially contribute to conditions for supply of reliable long-term patient capital	Recent strategic partnership re. investment between Australia and Canada	The Pensions Regulator, Prudential Regulation Authority	Various long-standing industry views ⁽ⁱ⁾
	Asset managers <i>See also Annex 6</i>	5 Asset management regulation could potentially emphasise risk-based outcomes, inc. via flexible alignment of fund structures and operation with investors' needs, supported by the framework for tailored and automated customer advice	Could potentially contribute to conditions for demand for long-term assets	North America accounts for most global assets under management	Financial Conduct Authority	Various, long-standing discussion
		6 Better integrated and widely recognised UK-focused indexes and sub-indexes could potentially contribute to conditions that support aggregate capital supply to UK companies	Could potentially contribute to availability of capital, and possible feedback loop with product innovation	United States and euro area often well represented	HM Treasury	New Capital Consensus ^(j)
Other financial system components	Derivatives and clearing <i>See also Annex 7</i>	7 Balance sheet efficiency of clearing could potentially be supported via enhanced collateral optimisation and margin arrangements across CCPs, and accessibility via operational simplicity and legal certainty	Could potentially contribute to efficiency and so competitiveness	Various important hubs globally inc. in United States, European Union, and Asia	HM Treasury, Bank of England, Financial Conduct Authority	Various, inc. spirit of AFME proposals relating to European Union ^(k)
	FinTech <i>See also Annex 8</i>	8 Developing, scaling, and coordinating regulatory sandboxes leading into time-limited transition supervision could potentially support innovation	Could potentially contribute to transparency and predictability re. pathway to authorisation, reducing iteration with regulators	Many jurisdictions globally operate FinTech-focused regulatory sandboxes	Prudential Regulation Authority, Financial Conduct Authority	Innovate Finance ^(l)
	Initial Public Offerings <i>See also Annex 9</i>	<i>Memo</i> 9 Technical factors affecting the functioning of UK listings could potentially be kept under review, inc. regarding dual-class share structures	Could potentially support proportionality re. uncertain medium-term effects of recent changes, inc. for FinTech sector	United States has consistently attracted non-domestic issuers ^(m)	Financial Conduct Authority, London Stock Exchange	Lord Hill's Listings Review ⁽ⁿ⁾
	10 Information availability and transparency could potentially be supported by development of alternative avenues for IPO research, inc. carefully managed connected-analyst research	Could potentially alleviate any informational frictions to aggregate capital supply		Financial Conduct Authority	Kent Review ^(o) , and general idea transparency can be helpful	

Sources: Association for Financial Markets in Europe, Bank of England, Financial Conduct Authority, HM Government, Innovate Finance, London Stock Exchange, New Capital Consensus, Phoenix Group, The Investment Association, The Pensions Regulator, UK Finance, and analysis for this report.

(a) This table is best considered in conjunction with the sector-level material in Annexes 3–9.

(b) Examples of commentators that have discussed similar, though not necessarily identical, exploratory policy options. Provided only to help position this report within recent aspects of debate.

(c) See Prudential Regulation Authority (2022), 'Recovery planning', SS9/17 (updated).

(d) The 'Independent Review of Ring-fencing and Proprietary Trading' led by Sir Keith Skeoch, published in 2022, is available from www.gov.uk. UK Finance's response to HM Treasury's Call for Evidence in 2023 is available from its website. In 2026, a former Deputy CEO of the Prudential Regulation Authority said in an article published by Walbrook Institute London that "if a bank can demonstrate ... it can fail safely without public support, then there is a case for gradually reducing the intensity of some structural constraints." See Annex 3 for context and references.

(e) For details about the MAIA, see Prudential Regulation Authority (2025), 'Matching Adjustment Investment Accelerator', PS17/25.

(f) Phoenix Group suggested in May 2024 that a new Matching Adjustment Sandbox could be a way to help meet the "acute need to finance climate solutions" faced by the United Kingdom, amongst other things.

(g) See www.theactuary.com/features/2022/04/07/transfer-window-part-vii-transfers-today.

(h) For context, relevant adjacent regimes include the defined benefit pension fund regime and the insurance regime.

(i) Many industry bodies and others have expressed support for defined benefit consolidation vehicles, in principle, since at least the early 2010s.

(j) New Capital Consensus (2025), 'Effective Investment: How to stimulate UK productivity and growth'. See the Executive Summary.

(k) For example, see Association for Financial Markets in Europe (2026), 'AFME Calls for Targeted Reforms to Strengthen Competition and Efficiency in EU Capital Markets', Press Release. Amongst other things, it expresses support for "interoperability between significant Central Clearing Houses as the default principle".

(l) For example, see 'How regulatory collaboration transformed markets'. Also supports development of a possible Financial Markets Infrastructure sandbox.

(m) Ritter, J, R, 'Initial Public Offerings: Updated Statistics', Table 14, University of Florida. Empirical data available at <https://site.warrington.ufl.edu/ritter/files/IPOStatistics.pdf>.

(n) The UK Listings Review, chaired by Lord Hill, was published in 2021.

(o) HM Government (2023), 'UK Investment Research Review', Policy paper (led by Rachel Kent). Paras. 5.73–5.74.

Table 6: Indicative aggregate sector and system-level effects associated with selected exploratory policy options under illustrative counterfactual modelling assumptions^{(a)(b)}

Market segment	Exploratory policy options Details as per Table 5	Indicative possible aggregate effects from counterfactual analysis (not forecasts, based on various uncertain illustrative assumptions)		
		£ billions	Explanatory notes	
Core institutional sectors	Banks See also Annex 3	1 Ring-fencing	c.£180	From potential partial repurposing of deposit funding and reduction in present value of annual compliance costs over time ^(c)
	Insurers See also Annex 4	2 Matching Adjustment	c.£40	From potential admission of edge case assets over time that may be classified as having sufficiently predictable cashflows ^(d)
		3 Part VII transfers	c.£0.9	From potential reduction in present value of execution costs over time, plus fewer expertise bottlenecks ^(e)
	Pension funds (superfunds) See also Annex 5	4 Superfunds	c.£75	From potential changes in aggregate capital supply to long-term assets over time, relative to an assumed baseline of insurance sector buyout ^(f)
	Asset managers See also Annex 6	5 Outcomes-focused regulation	c.£100	From potential changes in aggregate capital supply to long-term assets over time, relative to current UK portfolio holdings ^(g)
		6 UK investment indexes	c.£75	From potential changes in aggregate capital supply to UK companies over time, relative to current global portfolio holdings ^(h)
Illustrative sum of components		c.£470	Not accounting for any interactions or overlaps	

Sources: References cited in Annexes 3–6, and analysis for this report.

(a) As per the 'About this report' description, these are not forecasts. They represent indicative, hypothetical, order-of-magnitude counterfactual aggregate analysis at the sector and system levels, relative to assumed baselines, based on numerous illustrative underlying modelling assumptions that are inherently uncertain. Alternative assumptions could produce materially different results. They do not account for potential interaction or overlap between effects. They should not be relied upon for decision-making, and they have not been peer-reviewed.

(b) Relates to the top portion of Table 5 only. It is best considered in conjunction with the sector-level descriptions in Annexes 3–6, including for references supporting the figures and analysis in the following footnotes.

(c) Total of: industry estimate of c.£175 billion of repurposed deposit funding (Bloomberg, Annex 3), reduced by c.£25 billion; plus present value of c.£1–2 billion ongoing costs (KPMG, Annex 3), assuming costs increase by 3.5% per annum (in line with assumed long-run nominal GDP growth), discounted at 8% per annum (indicative cost of capital).

(d) Assumed as c.10% of possible aggregate size of insurance sector MAPs (roughly projected forward from the figure published by the PRA in 2023 for YE20, Annex 4). For reference, UK insurers have committed to invest £100 billion in UK productive assets over the next decade (Bank of England, Annex 4).

(e) Indicative reduction in present value of aggregate execution costs is based on c.11 transfers per year (Bank of England, Annex 4), each taking c.12–18 months (Pinsent Masons, Annex 4), being able to reduce by one third an assumed approximate total execution cost per transfer of c.£8 million, and assuming costs increase by 3.5% per annum (assumed long-run nominal GDP growth), discounted at 6% per annum (indicative cost of capital). Numerically smaller than measures for other exploratory policy options, but potentially impactful because efficiency and predictability could support use of scarce specialist resources, potentially alleviating bottlenecks.

(f) Based on c.£600 billion of defined benefit schemes being suitable for consolidation, in principle (Lane, Clark & Peacock, Annex 5). Assumes c.25% eventually moves to a potential superfunds sector as opposed to an assumed baseline of insurance sector buyout, i.e. c.£150 billion. Assumes a wedge of c.25pp in potential holdings of long-term assets between defined benefit schemes and insurers, given insurers must hold close matching portfolios, to gauge the incremental counterfactual, i.e. c.£37.5 billion. Scaled by a factor of two to indicatively reflect reduced de-risking pressure, efficiencies of scale, and similar effects.

(g) Based on an illustrative eventual c.1% increase in aggregate holdings of long-term assets by the UK asset management sector, defined here via membership of The Investment Association, which collectively has around c.£10 trillion assets under management (The Investment Association, Annex 6).

(h) Global assets under management are around c.US\$128 trillion (Boston Consulting Group, Annex 6). Of this, a portion, perhaps in the region of c.20%, may be unconstrained. Illustrative assumption of eventual 10 basis point increase in aggregate capital supply to UK companies from the c.80% that may in some way be influenced by benchmarks.

34 From a domestic standpoint, higher sustainable economic growth, as could potentially be associated with any increases in the aggregate availability of capital and reductions in operational burden within the financial sector, could also have benefits. For example, any resulting increase in the size of the economy and hence tax base could contribute to conditions for the National Wealth Fund³⁴ to catalyse private capital supply to a variety of strategically important sectors where there may be initial hurdles to progress. There could be many candidates for this, if chosen by policymakers, including, for example, domestic climate-resilient infrastructure.

³⁴ The National Wealth Fund is an operationally independent part of UK government. For details about its role and objectives, see www.nationalwealthfund.org.uk/about-us/our-strategy.

4 Summary

35 The financial sector is at an important moment globally. Major jurisdictions, including the United Kingdom, may have an opportunity to build on their hard-won and inherent strengths to position themselves to respond to the global and domestic challenges ahead. The official sector could potentially play a role by nurturing the enabling conditions for: financing sustainable economic growth (which has proved challenging); financing the climate transition (often viewed as a public policy imperative that could inform other goals); and harnessing AI (where developments have been exponential and proving rapidly transformative).

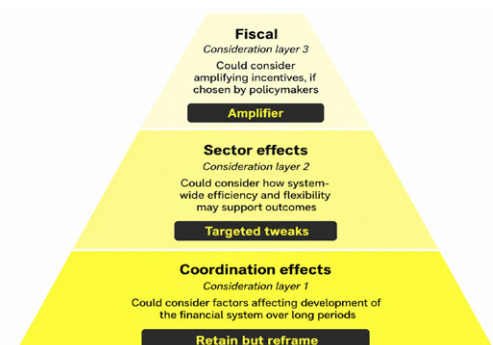
36 To realise the opportunities in a way that is timely and impactful, an important consideration is how economic and regulatory policy frameworks may reflect a consistent overarching vision and strategy, with incentives and accountabilities that avoid any material, unhelpful unintended and cumulative effects that could build gradually over time. For the United Kingdom, one possibility could be to consider if and how pragmatic interpretive changes to support coordination between government and independent delegated expert authorities might aid rounded policy formation. The idea could be to realise some of the effects of whole-of-government approaches common in fast-developing jurisdictions without undermining important and long-standing features characterising the UK system today.

37 The three-pronged, layered approach set out in this report is summarised in **Figure 2**. Starting from the bottom, it may be worth considering if there are ways in which the framework for delegated expert authorities could be interpretively adapted to achieve easier coordination with government, while reflecting the significant benefits evidence shows from independence and objectivity (Consideration layer 1). Building on that, it could be helpful to ensure that regulated sectors operate efficiently and flexibly, including in terms of capital usage and operational burden, without compromising safety and soundness (Consideration layer 2). **Across sectors, there may be at least ten exploratory policy options intended to be self-standing in that spirit, with system-level effects indicatively in the hundreds of billions of pounds sterling, relative to assumed baselines, under illustrative but uncertain assumptions.**³⁵ Incentives relating to particular market segments could be sharpened by fiscal measures, if desired by policymakers for whatever reason (Consideration layer 3). Across those parts of the pyramid, in terms of achieving rounded overall economic outcomes, it could also be worth considering how to accommodate debates about edge cases where there might, in principle, be a shallow trade-off between objectives.

38 All of the policy options in this report are hypothetical and exploratory, intended to inform discussion among policymakers, researchers, and sector observers. Further, the scale and timing of any effects would depend heavily on any implementation decisions and broader economic conditions. But because the rough magnitudes appear material, it is possible they may indirectly support emerging areas of strategic global importance, including transition finance, via capacity associated with efficiency and flexibility. This could be consistent with other initiatives in this area such as, for example, those being pursued by the Transition Finance Council. In addition, there may be domestic benefits associated with economic growth, perhaps providing complementary opportunities to support development of sectors that may be identified by policymakers as being of national importance, for whatever reasons, one example of which might be UK climateresilient infrastructure.

39 The issues discussed in this report are important given developments over the past few years in the global context affecting financial services and business investment across jurisdictions. For example, this is demonstrated by the approaches taken by, and growth of, emerging financial centres over the past decade (including in the Asia and the Middle East). It is also demonstrated by the strategic partnerships that have recently been announced between some jurisdictions (for example, in March this year, between Canada and Australia regarding their pension fund sectors).³⁶ And it is against a backdrop of increased reflection by some governments of geopolitical considerations in their approaches to financial sector regulation in ways that align with their chosen national priorities (for example, in the United States, regarding mechanisms to identify and combat potential US securities law violations by companies from other jurisdictions where there may be risks associated with foreign government influence).³⁷

Figure 2: Possible layered strategic approach^(a)



Source: Analysis for this report.

(a) Consideration layer 1 relates to **Section 2**, and Consideration layer 2 relates to **Section 3**. Consideration layer 3 is noted only briefly in **Section 3**.

³⁵ This is not a forecast. See the explanations in **Table 6** and at the start of this report.

³⁶ Details are provided in **Annex 5**, including the Joint Statement by the Prime Ministers of Canada and Australia.

³⁷ Securities and Exchange Commission (2025), 'Formation of Cross-Border Taskforce to Combat Fraud', Press Release, www.sec.gov/newsroom/press-releases/2025-113-sec-announces-formation-cross-border-task-force-combat-fraud. The summary provided here is abbreviated and paraphrased.

Annex 1: UK legislative, policy, and regulatory changes made, shelved, and withdrawn

The following tables are provided for general informational purposes only – for policymakers, researchers, and sector observers. They are intended to provide context for the analysis in the main body of this report. They should not be interpreted as legal or regulatory advice.

Table A: Selected changes made since 2015^(a)

	Year(s)	Change	Purpose	Key authorities	Further information	Timing and delays	
Changes Memo	2015-20	UK financial regulation materially derived from and shaped by EU law					
	2016	Referendum on EU membership held on 23 June 2016					
	2018	European Union (Withdrawal) Act 2018^(b)	To ensure continuity of financial regulation, amongst other areas	Parliament	Repealed European Communities Act 1972 and on-shored EU law so that it could later be modified	'Exit Day' was planned as 29 March 2019, but pushed back multiple times, settling on 31 January 2020	
	2019	Ring-fencing for retail banks^(c)	To separate core retail banking services from investment banking activities	PRA with FCA responsible for some aspects	Part of reforms following Global Financial Crisis of 2008-09, enabled by Financial Services (Banking Reform) Act 2013	Banks in scope complied on expected schedule	
	2020-24	UK EMIR	To set standards for UK derivatives market and clearing	FCA and Bank of England	On-shoring of EU legislation, subsequently amended inc. UK EMIR REFIT in 2024 regarding transparency and reporting	Aspects of technical changes to reporting requirements	
	2020-23	Temporary Permissions Regime	To allow EEA-based banks, insurers, and investment funds to keep operating in UK after end of Transition Period ^(d)	PRA and FCA	Established through secondary legislation using powers from European Union (Withdrawal) Act 2018	Multiple delays driven by pushing back 'Exit Day'	
	2020-24	UK Listings Review	Recommendations led by Lord Hill intended to support proportionality regarding UK Listings Rules	Parliament and FCA	Many recommendations have been taken forward by FCA	Some, related to the design phases and finalisation	
	2022-30	Basel 3.1	To raise quantity and quality of capital held by banks, and improve accuracy of risk measurement in risk-weighted assets	PRA	Part of final reforms to prudential regulation of banks following Global Financial Crisis of 2008-09, following implementation of Basel 3 standards via CRD IV and CRR from 2014	Various delays ^(e) and transitional periods reduced to avoid pushing back implementation	
	2022-27	Senior Managers & Certification Regime	To support safety and soundness, reduce consumer harm, and strengthen market integrity	FCA and PRA	Major update in December 2022, but approach had existed since c.2016	A few limited implementation delays, inc. during Covid-19	
	Edinburgh Reforms, announced December 2022						
	2023	Financial Services and Markets Act 2023	Mechanism to update UK regulatory framework by revoking and replacing aspects of retained EU law and derived regimes	Parliament	Gave PRA and FCA secondary objectives to support international competitiveness and UK economic growth, and established a new framework for Bank of England regulation of Financial Market Infrastructure and Central Counterparties supported by a Special Resolution Regime ^(f)	Act itself passed generally on expected schedule, though aspects of some reforms under it delayed inc. relating to Basel 3.1	
	2023-24	Consumer Duty^(g)	To enhance FCA-regulated firms' focus on consumer interests and outcomes, inc. via regulatory action	FCA	Prompted some public commentary about potential compliance burden ^(h)	Implementation consistent with expected phased schedule	
	2023-26	Solvency UK⁽ⁱ⁾	To tailor Solvency II to features of UK insurance market	PRA with FCA responsible for some aspects	Affects insurers' business models (inc. risk margin, Matching Adjustment) and compliance (inc. regulatory reporting)	Implemented in phases, some aspects delayed	
	Leeds Reforms, announced July 2025						
	2025	Bankers' bonus reforms	To allow greater flexibility regarding senior bankers' pay without undermining standards	PRA and FCA	To address the balance between responsible risk-taking and remuneration, inc. reducing the bonus deferral period from eight to four years ^(j)	Slightly accelerated rather than delayed, since deferred remuneration at the point of implementation also in scope	
2025	FSCS deposit protection limit increased	To support consumer confidence in the financial system	PRA oversees FSCS and sets limits; FCA also oversees; FSCS manages compensation process	Revised deposit protection limit following consultation, higher than initially proposed. Limit for Temporary High Balances for qualifying events such as house purchase also increased ^(k)	Implementation consistent with expected schedule		
2025-26	Pension Schemes Bill	To update approach to pensions industry	Parliament, TPR, FCA and to some extent PRA	Amongst other things, expected to create updated framework for defined benefit superfunds	Follows deliberation and evolving market practice since c.2018 when HM Government announced it would create a new such approach ^(l)		

Left-hand coloured columns correspond to the three illustrative overarching themes shown in Figure 1:

- 'Safety and soundness' emphasis to around 2022 (final phases of Basel 3.1)
- 'Growth, competition, and competitiveness' emphasis since around 2019 (Spring Statement 2019)
- 'Climate, and harnessing AI' emphasis since around 2021 (Bank of England remit letters, National AI Strategy)

Sources: Bank of England, Financial Conduct Authority, Financial Services Compensation Scheme, HM Government, The Pensions Regulator, and analysis for this report.

(a) As associated with legislation and other formal processes only. Largely excludes broad statements about strategy, aside from the announcements of the Edinburgh Reforms and Leeds Reforms. Also excludes detailed supplementary and supporting publications, of which there are many. Descriptions in this table are simplified. The 'Years' column indicates approximate periods when many recent changes have been considered and made.

(b) For details of the Act, see www.legislation.gov.uk/ukpga/2018/16/contents.

(c) Came into force in January 2019. The PRA published a document entitled 'Review of Ring-Fencing Rules' in January 2024, concluding that "most rules are performing satisfactorily". See also Section 1.

(d) The Temporary Marketing Permissions Regime was extended to end-2026. For example, see Eversheds Sutherland (2026), 'UK: Overseas Funds Regime (OFR) – what's next?', Insights.

(e) Initially envisaged by the PRA for 1 January 2025 (CP16/22, 30 November 2022). Moved to 1 July 2025 (PS17/23, 12 December 2023), to 1 January 2026 (PS9/24, 12 September 2024), and to 1 January 2027 (News release, 17 January 2025) with transitional arrangements.

(f) On the latter, a Code of Practice was presented to Parliament by HM Treasury, dated January 2024.

(g) Rules started for open and closed products/services in July 2023 and July 2024 respectively, following publication of final rules and guidance by the FCA in July 2022 (PS22/9). See www.fca.org.uk/firms/consumer-duty.

(h) For example, see UK Finance (2024), 'Consumer Duty: Unintended Consequences (part two)', blog article.

(i) Applies to subsidiaries and branches of foreign insurers operating in the United Kingdom, with differing requirements.

(j) Came into force in October 2025. See Prudential Regulation Authority (2025), 'PRA and FCA announce changes to banker bonuses for 2025', News release. It says "The changes will deliver greater alignment between the regulators and remove unnecessary duplication" and that "The FCA's remuneration Handbook rules will be cut by more than 70%".

(k) Came into force in December 2025. Periodically reviewed by the PRA, at least every five years.

(l) The Pension Schemes Bill 2024-25 was introduced in June 2025. Key prior events include: DWP announcing in March 2018 it intended to create a new regulated model for consolidation of defined benefit schemes, followed in December 2018 by a consultation paper from DWP regarding authorisation and supervision; TPR publishing in June 2020 amended guidance about how it intended to regulate superfunds absent complete legislation; and the first such transfer in November 2023.

Table B: Selected changes proposed but shelved, and measures withdrawn, since 2015^(a)

Year(s)	Initiative	Authority	Purpose	Comments	
Memo: 2018-20	Credit card interest rates	–	Some commentators had speculated about a possible cap on credit card interest rates ^(b)	There was no consultation on this speculated aspect	
2022	Mortgage affordability test	Bank of England	FPC Recommendation that lenders test borrowers against a +3pp interest rate shock ^(c)	Withdrawn	Withdrawn by FPC after concluding the measure was no longer necessary given its other macroprudential measures and FCA affordability checks
2023-25	Diversity & Inclusion	PRA and FCA	Increase diversity and inclusion via individual and firm-level accountability, targets, and requirements about collection, reporting, and disclosure of data ^(d)	Proposed but shelved	Industry reaction to the proposals was mixed, which the PRA appeared to publicly anticipate by saying that it was "aware that there are differing views about the strength of evidence, or conclusions, that can be drawn ..."
2024-25	Transparency regarding enforcement actions	FCA	Publicly identify firms facing enforcement investigations ^(e)	Proposed but aspects shelved	Criticised by some industry participants, often related to concerns about fairness, including because of reputational damage that could be unwarranted

Sources: Bank of England, Clifford Chance, Financial Conduct Authority, and analysis for this report.

(a) Includes selected: measures announced or formally consulted on by the relevant authority but shelved; and in-place measures withdrawn. Excludes reframing and recalibration, which has been more extensive.

(b) Part of public debate following the Credit Card Market Study MS14/6 in 2015 and related policy work by the FCA.

(c) Introduced by FPC in 2014 to guard against any loosening in mortgage underwriting standards. FPC confirmed it would withdraw the measure in a June 2022 News Release in response to an FPC Consultation Paper published in February 2022. In April 2026, the PRA issued CP6/26 regarding proposed changes to high loan-to-income lending.

(d) In September 2023, proposed changes were set out by the PRA in CP18/23 and the FCA in CP23/20. In March 2025, both regulators confirmed in letters to the Chair of the Treasury Committee that they "do not currently plan to publish new rules on diversity and inclusion".

(e) In February 2024, proposed changes were set out by the FCA in CP24/2. In March 2025, the FCA confirmed in a letter to the Chair of the Treasury Committee that it would "stick to [its] existing exceptional circumstances test", given lack of consensus, and proceed with other aspects of proposals.

Annex 2: Overview of regulatory setup in the United Kingdom

Since the late 1990s, the United Kingdom has moved increasingly towards using delegated expert authorities to achieve key economic and financial policy goals on behalf of government, with specific statutory responsibilities, and sometimes explicit targets. This shift began with the Bank of England being granted operational independence for setting monetary policy in 1997, formalised by the Bank of England Act 1998.³⁸ Over the following three decades, the Bank of England's objectives have been updated, including regarding financial stability and prudential regulation, the FCA has been brought into being, and changes have been made to other aspects of oversight and regulation.³⁹ The current setup is summarised in **Table C** on the next page.

Like the United Kingdom, other major jurisdictions also use delegated expert authorities to deliver economic and financial policy objectives, including the United States and euro area. But within their central banks, in particular, there are often multiple important goals grouped together under fewer statutory decision-makers.⁴⁰

For example, in the United States, the Federal Reserve has a dual mandate to deliver maximum employment and price stability, led by the Federal Open Market Committee (FOMC).⁴¹ And in the euro area, the Governing Council of the European Central Bank (ECB) is the main decision-making body that formulates monetary policy, takes financial stability decisions, and adopts the framework through which supervisory decisions are made.⁴²

Differences in setup could be important in various ways, but they are ancillary to the main analysis in this report. The key point is that **UK and international experience and research suggests that use of delegated expert authorities focused on different aspects of economic and financial policy can be an effective way to achieve broader, interlocking, public policy goals on behalf of government.**⁴³ The reasons are likely to be numerous, including independence, credibility, transparency, and greater time consistency of decision-making than might otherwise be the case. Parcelling-up responsibilities might also support focus, including because it may help align the scale of the tasks in hand with bandwidth and skills.

But there could also be imperfections.⁴⁴ This report considers if and how imperfections might stem from various sources, including, in principle, frictions within and between delegated expert authorities, and between them and government where ultimate democratic accountability resides. It hypothetically explores how the issues could be viewed in a way that seeks to reflect the benefits associated independent delegated expert authorities, while alleviating possible issues. The idea is that this could perhaps allow the United Kingdom to realise some of the potential effects of approaches common in fast developing jurisdictions without undermining the crucial features characterising the UK system today, possibly with international and domestic effects. But it is not an argument to (say) revisit central bank independence, which the evidence shows would be unwise⁴⁵ even though it is sometimes suggested.⁴⁶

The exploration in Section 2 is intended to be one plausible way of supporting coordination between government and delegated expert authorities, while reflecting their independence and leaving enough constructive tension to avoid groupthink, in a way that avoids externalities that, over long periods, could incrementally contribute to system-level complexity and costs.

³⁸ House of Lords (2023), 'Making an independent Bank of England work better', Economic Affairs Committee, 1st Report of Session 2023–24.

³⁹ There are various discursive historical summaries. For example, see Goodhart, C (2018), 'The Bank of England, 1694–2017' in Edvinson, R, Jacobson, T and Waldenstrom, D (Editors), 'Sveriges Riksbank and the history of central banking', pages 143–171, Cambridge University Press.

⁴⁰ This overview is indicative and simplified, for context, and not exhaustive.

⁴¹ For an overview of the Federal Reserve System, see www.federalreserve.gov/aboutthefed/files/the-fed-explained.pdf.

⁴² For an overview of the ECB, see www.ecb.europa.eu/ecb/all-about-us/html/index.en.html.

⁴³ The earliest body of academic and policy research generally related to the benefits of operational independence for monetary policy. For example, see Blejer, M, I, and Wachtel, P (2020), 'A fresh look at central bank independence', *Cato Journal*, Vol. 40, No. 1 (Winter 2020). Research has expanded over time to include other topics.

⁴⁴ For example, see Bailey, A, (2026), 'Central Bank Independence – in need of further thinking', speech at Columbia University, New York.

⁴⁵ For example, see Dall'Orto Mas, R, Vonessen, B, Fehiker, C, and Arnold, K (2020), 'The case for central bank independence: a review of key issues in the international debate', European Central Bank, Occasional Paper Series, No. 248, October.

⁴⁶ In the United Kingdom, it has occasionally been discussed by commentators over the past few years, often citing concerns about accountability, with the conduct of monetary policy often but not exclusively the area of focus.

Table C: Summary of objectives for selected delegated expert authorities^(a)

Authority	Objectives		Led by	Selected legislation	Since	
	Primary	Secondary				
Bank of England	Monetary Policy	Maintain price stability and subject to that, support the economic policy of HM Government, including its objectives for growth and employment	Monetary Policy Committee ^(b)	Section 11 of the Bank of England Act 1998	1998
	Financial Stability	Protect and enhance the stability of the financial system of the United Kingdom and subject to that, support the economic policy of HM Government, including its objectives for growth and employment	Financial Policy Committee ^(c)	Section 2A of the Bank of England Act 1998 (amended); Financial Services Act 2012	2013
	Prudential Regulation	Safety and soundness of PRA- authorised firms; and protection of insurers' policyholders	Facilitate effective competition in markets for services provided by PRA- authorised firms; and facilitate international competitiveness and economic growth ^(d)	Prudential Regulation Committee ^(e)	Financial Services Act 2012; Financial Services Act 2016	2013
Financial Conduct Authority	Ensure relevant markets function well (strategic); and protect consumers, protect and enhance the integrity of the UK financial system, and promote effective competition in the interests of consumers (operational)	Facilitate international competitiveness of the UK economy, in particular the financial services sector; and its growth in the medium to long term	FCA Board ^(f)	Financial Services Act 2012	2013	
The Pensions Regulator	Protect member benefits by ensuring schemes and employers comply with their duties, enhance the system through market oversight, and support innovation in savers' interests so new products and services deliver good outcomes	<i>Not specified in the same broad manner as for the Bank of England and Financial Conduct Authority^(g)</i>	The Board of the Pensions Regulator ^(h)	Pensions Act 2004	2005	
Financial Services Compensation Scheme	Maintain consumer confidence in the financial system by promoting awareness of protection and paying compensation to eligible customers when financial firms fail	<i>Not formally specified in the same manner as for the Bank of England and Financial Conduct Authority⁽ⁱ⁾</i>	Board of Directors	Financial Services and Markets Act 2000	2001	

Sources: Bank of England, Financial Conduct Authority, Financial Services Compensation Scheme, House of Lords, The Pensions Regulator, and analysis for this report.

(a) Paraphrased and abbreviated from wording in legislation and as used authorities, focused on characterising the relationship and subordination between primary and secondary objectives. For context only. Should not be interpreted as legal or regulatory advice.

(b) MPC is a committee of the Bank of England. MPC seeks to achieve price stability, defined as 2% CPI, by setting Bank Rate and use of other instruments as it deems appropriate.

(c) FPC is a committee of the Bank of England. FPC is responsible for contributing to the Bank of England's financial stability objective. Its twice-yearly Financial Stability Report explains "it does this primarily by identifying, monitoring and taking action to remove or reduce systemic risks, with a view to protecting and enhancing the resilience of the UK financial system."

(d) PRA does not typically use subject-to-that wording regarding the relationship between its primary and secondary objectives. Rather, the secondary objectives are often just stated, but policy documents explain that "secondary objectives are engaged when we discharge our general functions in a way that pursues our primary objectives." For example, see Section 3 of 'The Prudential Regulation Authority's approach to policy' published in February 2025.

(e) PRC is a committee of the Bank of England. It was introduced by the Bank of England and Financial Services Act 2016.

(f) FCA Board is the governing body of the FCA, inter alia, setting its strategic direction, making decisions regarding Matters Reserved to the Board, and overseeing the discharge by executive management of its day-to-day business. See Financial Conduct Authority (2025), 'Corporate governance of the Financial Conduct Authority'.

(g) In March 2024, in its 'Pathway to net zero report', TPR stated its own net-zero goals for 2030 and 2050.

(h) Oversees strategic direction, makes key decisions on policy, ensures proper running including effective internal controls, and ensures compliance with statutory and administrative requirements for use of public funds.

(i) There are various operational sub-goals to ensure that FSCS meets its objectives.

Annex 3: Banks (Exploratory policy option 1)

Ring-fencing came into force in the United Kingdom in January 2019.⁴⁷ It required the largest banking groups to separate their core retail banking services from other activities such as investment banking, to protect the former from any problems crystallising in the latter through distinct capital and governance. Core retail banking services are typically understood to include deposits and other activities involving households and companies.⁴⁸ The PRA is the main regulator, and the FCA plays an important role.

Other jurisdictions generally rely less on comprehensive structural ring-fencing than the United Kingdom,⁴⁹ often placing emphasis on other measures including activity restrictions, capital requirements, and regulatory oversight. This includes the United States and the European Union, for which a structural ring-fencing regime was proposed but not pursued.⁵⁰ Financial centres in Asia and the Middle East, including Hong Kong, Singapore, and to some extent the UAE, generally do not impose UK style structural ring-fencing arrangements, instead relying on prudential and conduct regulation, supplemented in some cases by targeted restrictions. Details differ by jurisdiction.⁵¹

The UK ring-fencing regime was conceived, developed, and introduced following the Global Financial Crisis of 2008–09, led by the work of the Independent Commission on Banking chaired by Sir John Vickers in 2011 (often referred to as the Vickers Reforms). It was part of the response to address the important issue that, as then-recent experience had proved, large banking groups could not be resolved adequately without unplanned government intervention that put significant amounts of taxpayers' money at risk. In 2022, the Independent Review of Ring-fencing and Proprietary Trading led by Sir Keith Skeoch made various recommendations intended to improve ring-fencing (Skeoch Review). Some of these have been taken forward by regulators, such as increasing the deposit threshold at which banks become in scope. But some have been deferred, including potentially aligning the ring-fencing regime with the banking resolution regime.

Development of a banking resolution regime was complementary priority following the Global Financial Crisis of 2008–09. In the United Kingdom, the Banking Act 2009 introduced a Special Resolution Regime to provide the Bank of England and HM Treasury tools to resolve failing banks and building societies, including transfer to a private sector purchaser, transfer to a bridge bank, and temporary public ownership. Over the subsequent years, the banking resolution regime has been adapted and strengthened. For example, resolution tools have been expanded to include writing down debt or conversion to equity ('bail in').

The Skeoch Review found that, as of 2022, the "the ring-fencing regime is worth retaining at present" but "benefits will diminish with time while the [banking] resolution regime overtakes it in providing a more comprehensive solution for tackling too-big-to-fail".^{52, 53} Since then, further changes to the resolution regime have been made, including from the Bank Resolution (Recapitalisation) Act 2025, which provides the Bank of England with powers to compel use of industry funds from the FSCS to recapitalise failing banks.^{54, 55}

The possible costs associated with ring-fencing are hard to gauge. A recent estimate reported in the financial press implies that ring-fencing could impede roughly c.£175 billion of deposit funding being used for other purposes across five major banking groups⁵⁶ Whatever the true figure, it is possible that it could fall to some extent given the recent recalibrations chosen by regulators while remaining material. Additionally, legal, operational, and compliance costs per annum have been estimated by market participants to be in the region of £1–2 billion,⁵⁷ the present value of which may be in the region of £20–45 billion.⁵⁸

Exploratory policy option 1: Ring-fenced banks with suitable recovery plans and regulatory track record could potentially be considered for pathways to conditional removal of the ring fence.

⁴⁷ Background information is available from www.bankofengland.co.uk/prudential-regulation/key-initiatives/ring-fencing.

⁴⁸ For example, see Britton, K, Dawkes, L, Debbage, S, and Idris, T (2016), 'Ring-fencing: what is it and how will it affect banks and their customers?', Bank of England, Quarterly Bulletin, 2016 Q4.

⁴⁹ EY (2026), 'Re-shaping the ring-fence: a global comparison of structural banking regimes'.

⁵⁰ The Liikanen Report (2012) proposed structural separation of certain trading activities including proprietary trading within banking groups, which were largely not adopted at the European Union level.

⁵¹ This overview is indicative and simplified, for context, and not exhaustive.

⁵² HM Government (2023), 'Ring-fencing and Proprietary Trading: Independent Review'. Quoted from the Foreword.

⁵³ Other commentators have drawn similar conclusions, including recently. For example, see Nelson, L (2026), 'Fence and sensibility: deregulation and the ring-fence', Financial World Magazine, Walbrook Institute London.

⁵⁴ The intention is often understood to be that these powers are for smaller, non-MREL, banks.

⁵⁵ There is empirical evidence that market participants have perceived ring-fenced banks as safer than non-ring-fenced banks. For example, see Erten, I, Neamțu, I, and Thanassoulis, J (2026). But studies often use data from before recent additional adaptations to the resolution regime. An important consideration from a system standpoint is the value of both ring-fencing and resolution, as they are implemented, to prevent financial stability spillovers.

⁵⁶ Estimate first reported heavily in the financial press in mid-2025, generally attributed to HSBC. For example, on 30 May 2025, Bloomberg published an article on its website with the headline 'HSBC Leads Charge for £175 Billion Ring Fence Carve Out in UK'.

⁵⁷ Estimates from various sources, such as KPMG (2025) 'Rethink ring-fencing for growth, say majority of UK financial services leaders', Press Release. This also said that most financial services leaders support an "overhaul" of ring-fencing in the United Kingdom, with one fifth believing it has become unnecessary and "should be abolished". See <https://kpmg.com/uk/en/media/press-releases/2025/07/rethink-ring-fencing-for-growth.html>

⁵⁸ Treated as a growing perpetuity in which costs increase by 3.5% per annum (in line with a plausible assumption for future long-run nominal GDP growth) discounted at 8% (a plausible assumption for the Weighted Average Cost of Capital for UK banks, in line with implied figures in the high single digits from academic and industry sources).

Annex 4: Insurers (Exploratory policy options 2 and 3)

Matching Adjustment Investment Accelerator and Matching Adjustment

Prior to the United Kingdom leaving the European Union in 2020, UK insurers had been regulated under Solvency II. Since then, the UK regime has been materially adapted by the PRA so that it is more tailored to the features of the UK industry. Today, it is often referred to as Solvency UK.⁵⁹

Insurance regulation differs materially internationally, although the International Association of Insurance Supervisors (IAIS) does work to aid comparability.⁶⁰ Aside from Solvency II, which applies in the European Union, the approaches in various other jurisdictions share certain conceptual similarities with the framework in the United Kingdom. For example, Switzerland, Canada, Hong Kong, and Singapore use risk-based capital methodologies and market-consistent valuation principles, although implementation details differ.^{61, 62}

The changes that have been made moving from Solvency II to Solvency UK are important, but their underlying principles and broad features remain similar. They both seek to ensure that, to a high probability, insurers hold enough capital to withstand severe market stress based on mark-to-market valuation of assets and liabilities, with some adjustments. In this regard, **a key feature is the Matching Adjustment (MA).**

The MA is designed to reflect the fact that insurers with predictable, long-term liabilities can often hold long-term assets with predictable cashflows to maturity to facilitate payments as they fall due. Such insurers may therefore be comparatively more insulated from liquidity risk and forced asset sales than might otherwise be the case, and as might otherwise occur when markets are volatile. Recognising this, they are permitted to discount eligible liabilities at a higher rate when they are backed by assets that meet certain criteria, held in a so-called Matching Adjustment Portfolio (MAP). The increase to the discount rate permitted is the difference between the market-observed spread and a measure of inherent credit risk associated with the asset, called the Fundamental Spread. This is generally interpreted as an implied illiquidity premium.⁶³

There are few up-to-date estimates of the total value of assets held by UK insurers in their MAPs, though a plausible assumption could be roughly c.£400 billion given that, in September 2023, the PRA published CPI9/23 that said “The total size of assets backing annuity liabilities within the MA ... was approximately £350 billion at YE20, which is the most recent comprehensive, and fully validated MA dataset.”^{64, 65}

In October 2025, the PRA introduced the Matching Adjustment Investment Accelerator (MAIA) to “reduce barriers to timely and capital-efficient investment by insurers, including productive investments in the UK” by allowing insurers to “include within their MA portfolio a limited quantity of self-assessed ... ‘MAIA assets’ i.e. assets with features not covered by their existing MA permission” so that the “benefit on these ‘MAIA’ assets could be claimed immediately”.⁶⁶ This innovation has been broadly welcomed by industry participants, and it is in a similar spirit to suggestions that had been made publicly by some in the past.⁶⁷

⁵⁹ Information can be found at www.bankofengland.co.uk/prudential-regulation/key-initiatives/solvency-ii.

⁶⁰ For examples of important aspects, see www.iais.org/activities-topics/standard-setting/comparability-assessment.

⁶¹ For example: for Switzerland, see FINMA (2024), ‘The Swiss Solvency Test: Fact Sheet’; for Canada, see Office of the Superintendent of Financial Institutions (2026), ‘Supervisory Framework’; for Hong Kong, see Insurance Authority (2026), ‘An Overview of the Risk-based Capital Regime’; and Singapore, see Monetary Authority of Singapore (2026), ‘Notice 133 Valuation and Capital Framework for Insurers’.

⁶² This overview is indicative and simplified, for context, and not exhaustive.

⁶³ For example, see: Prudential Regulation Authority (2025), ‘Solvency II: Matching Adjustment’, SS7/18; and PwC (2022), ‘Solvency II Review: Rethinking the Fundamental Spread’.

⁶⁴ Prudential Regulation Authority (2023), ‘Review of Solvency II: Reform of the Matching Adjustment’, CPI9/23. Quoted from paragraph 10.6.

⁶⁵ The PRA has published such figures intermittently.

⁶⁶ Prudential Regulation Authority (2025), ‘Matching Adjustment Investment Accelerator’, PS17/25. Quoted from paragraphs 1.2 and 1.3.

⁶⁷ For example, in May 2024, Phoenix Group (since March 2026, Standard Life) published a short article on its website proposing the introduction of what it called a Matching Adjustment Sandbox to “safely investigate expanding the range of assets that could be included in MA funds”.

Because of recent changes made to the approach to the MA by the PRA as part of Solvency UK and the possibility that they could, in principle, have effects on the wider financial system, **it may be worth considering expanding the goals of the MAIA to include more sandbox-like work, as previously proposed by some industry participants, with a view to generating system-level learning that could potentially inform any future evolution of the MA framework.** In this regard, it could perhaps be useful to explore issues such as: (i) the possible system-level effects of MA eligibility and cashflow matching rules; and (ii) how regulators determine whether edge-case assets are eligible for the MA under certain conditions, particularly in any cases where those edges could potentially have a material effect on the aggregate available of capital to sectors of the economy that policymakers might deem important for other reasons.⁶⁸ Irrespective of this but potentially consistent with it, the UK insurance industry has recently committed to “invest £100 billion in UK productive assets over 10 years”.⁶⁹

Exploratory policy option 2: Goals of the Matching Adjustment Investment Accelerator could potentially be broadened to generate system-level learning that could inform any future evolution of the Matching Adjustment framework.

Part VII transfers

Part VII transfers are the mechanism used in the United Kingdom under Solvency UK by which portfolios of insurance business are transferred between insurers, including some or all policies, assets, and liabilities. They proceed by High Court order with close regulatory and independent expert oversight, with an objective of ensuring that policyholders are protected. Data from the Bank of England show that the number of Part VII transfer schemes sanctioned by the High Court varied between 5–24 per year between 2015–16 and 2022–23.⁷⁰

Part VII transfers may be used for a variety of reasons, including, for example, corporate restructuring and moving closed books of business. **The process is therefore important and needs to be robust. Historically, industry commentary suggests it has taken roughly c.12–18 months,⁷¹ with the total execution cost over the period affected by the complexity of the transfer and other factors.** While there are very few public estimates of such costs, they could perhaps roughly be in the region of millions of pounds sterling across all program elements (repeated calls on expert staff, legal costs, etc.), which if correct would be significantly larger than the procedural costs associated with the regulatory process.⁷²

Following recent developments relating to different parts of the Part VII transfer mechanism under Solvency UK, **it may be worth considering the extent to which there could be merit in further steps that may support standardisation of repeatable aspects of the associated processes, perhaps to emphasise scrutiny on unusual or bespoke elements.** For example, consideration could be given in the medium term to whether reports proportionately use templates, perhaps reflecting tiered detail depending on scale and complexity, and/or the role of partly standardised analysis.

In addition, because each transfer requires its own process, it could also be worth considering whether development of something like a sub-framework within the Part VII transfer mechanism might be consistent with proportionality when multiple portfolios with similar profiles are being considered around the same time. Something like this could, for example, be principles-based, including eligibility criteria, perhaps backstopped by a regulatory non-objection process to support safety and soundness. Amongst other things, it could potentially support the efficiency of consolidation of multiple closed books, which may allow the insurance sector overall to be nimbler than would otherwise be the case when opportunities for new lines of business present themselves.⁷³

Exploratory policy option 3: Efficiency and predictability of Part VII transfers could potentially be supported via additional standardisation to reduce repeated work cycles, including for multi-portfolio ‘umbrella’ transfers.

⁶⁸ These potential areas for exploration could be consistent with **Section 2** regarding coordination and possibly taking a rounded view of the overall effects of economic policy and regulation while seeking to preserve safety and soundness.

⁶⁹ See, for example, Bank of England (2025), Financial Stability Report: December 2025. Quoted from the Summary.

⁷⁰ Data available from the Bank of England at www.bankofengland.co.uk/freedom-of-information/2023/the-number-of-partvii-transfersof-insurance-businesses-for-each-year-since-2015-2016. The average number per year over the period, excluding a spike in 2018–19 likely associated with atypical EU withdrawal-related transfers, is a little over 11.

⁷¹ Pinsent Masons (2025), ‘Part VII transfers on the rise amidst UK financial services M&A uptick’, by Peter McCusker.

⁷² The former number could be much larger in principle because of its breadth. But data are scarce.

⁷³ Umbrella-type structures are sometimes used in other parts of the financial system.

Annex 5: Pension funds (Exploratory policy option 4)

Over the past two decades, occupational pension schemes have been regulated in the United Kingdom under the Pensions Act 2004 and subsequent amendments.⁷⁴ TPR regulates defined benefit and defined contribution schemes using approaches intended to reflect the risks.

There are a variety of approaches to pensions regulation internationally,⁷⁵ likely reflecting various factors, including differences across jurisdictions in the relative size and evolution of their defined benefit and defined contribution sectors, and differences in their broader historical and institutional context. As in the United Kingdom, the United States, Canada, and Japan have mixed defined benefit and defined contribution systems, with differentiated regulatory frameworks applying to each. In a number of other jurisdictions, defined contribution-type arrangements play a comparatively more prominent role, including Australia, Singapore, Hong Kong, and to some extent India, though details vary.⁷⁶ The system in UAE is varied and multi-faceted.^{77,78}

For a long time, there have been structural changes underway internationally in the retirement savings market, including in the United Kingdom.⁷⁹ This has affected the mix of products used by individuals and where risks reside in the financial system, likely linked to various factors including demographic changes, preferences, and the nature of regulation. In the United Kingdom, like some other jurisdictions, one outcome has been that, in aggregate, employers have gradually moved away from offering employees defined benefit pensions, in which they take on the longevity risk and investment risk, to offering defined contribution pensions instead. Additionally, employers with legacy defined benefit liabilities have often sought to offload them in different ways.⁸⁰ Today, private sector defined benefit schemes and defined contribution schemes hold a similar aggregate value of assets, each around £1.2 trillion.^{81,82}

There has been a long-standing debate in the United Kingdom about how these and related changes may be facilitated, including if and how defined benefit consolidation vehicles might play a role. Superfunds are one such case. These are commercial profit-seeking consolidators that use potential economies of scale to take on defined benefit liabilities from multiple companies, replacing the employer covenants⁸³ with capital provided by outside investors. In this way, it is intended that employers can break links with their defined benefit schemes (a long-standing desire for many), and pension beneficiaries remain protected (which is crucial). From a system-level perspective, a circumstance where this could potentially be useful is in cases where the employer covenants supporting the defined benefit schemes are weak, for whatever reasons, and the capital buffer of the superfund is suitably thick, as judged by regulators.

A key question is how superfunds could be regulated to ensure their safety and soundness in a way that reflects their business model. On this, there have been differences of view and discussion between government, regulators, and industry participants. Superfunds are currently regulated under legislation for trust-based occupational pension schemes,⁸⁴ supplemented by an interim regime operated by TPR that it created under its existing powers.⁸⁵ A dedicated regime for superfunds was set out in the Pension Schemes Bill 2024–25. In June 2025, Lane, Clark & Peacock estimated that, in principle, provisions in the Bill could potentially make roughly c.£600 billion of defined benefit schemes in aggregate viable for transfer to a superfund sector, while recognising that, in practice, “many schemes” might continue to focus on the insurance sector.⁸⁶

Broadly speaking, the approach to superfunds has similarities with both the traditional defined benefit scheme regime and the insurance regime (Table D). This may be intuitive: in some respects, superfunds are like traditional defined benefit schemes, including in that they administer any accrued pension benefits as they fall due; and in some respects, they are like life insurers that write annuities, including in that they have long-term liabilities and rely on a capital buffer to support solvency in the absence of a sponsor covenant.

⁷⁴ House of Commons Library (2025), ‘Pension Schemes Bill 2024–2025’.

⁷⁵ OECD (2025), ‘Pensions at a Glance 2025: OECD and G20 Indicators’.

⁷⁶ OECD (2024), ‘Pensions at a Glance Asia/Pacific 2024’. See, for example, Table 1.1.

⁷⁷ In the UAE, retirement provision differs depending on individuals’ legal status. Defined contribution-style workplace savings schemes have been introduced in certain financial free zones. For example, see Simmons & Simmons (2023), ‘UAE Employment Update’, Publication.

⁷⁸ This overview is indicative and simplified, for context, and not exhaustive.

⁷⁹ For a detailed overview, see OECD (2025), ‘Pension Markets in Focus 2025’.

⁸⁰ Gerken, C (2022), ‘Four Rs: Creating the conditions for long-term sustainable growth in the life annuity sector’.

⁸¹ Office for Budget Responsibility (2025), ‘Fiscal risks and sustainability: July 2025’, CP 1334. Data from Table 2.1 and paragraphs 2.53 and 2.57.

⁸² In 2025, a voluntary initiative referred to as the Mansion House Accord was agreed by seventeen UK workplace pension providers “to invest at least 10% of their defined contribution default funds in private markets by 2030, with 5% of the total allocated to the United Kingdom.” See Association of British Insurers (2025), ‘Pension industry unites on Mansion House Accord to boost saver outcomes and UK growth’, www.abi.org.uk/news/news-articles/2025/5/pension-industry-unites-on-mansion-house-accord.

⁸³ Employer covenant is the legal obligation and financial ability of an employer to support its defined benefit scheme.

⁸⁴ Where a board of trustees is responsible for managing the defined benefit scheme in the interests of its members rather than the employer.

⁸⁵ House of Commons Library (2025), ‘Pensions: defined benefit superfunds’. See section 2.1.

⁸⁶ See www.lcp.com/en/media-centre/press-releases/the-2025-pension-schemes-bill-unlocks-potential-600bn-market-for-db-superfunds, which attributes this to simplification of gateway tests.

Table D: Simplified overview of regulatory approach to superfunds and adjacent regimes^(a)

Feature		Occupational defined benefit schemes	Superfunds	Insurers
Regulatory approach	Regime	UK pension funding regime	Superfund framework ^(b)	Solvency UK
	Regulator	The Pensions Regulator	The Pensions Regulator	Prudential Regulation Authority
	Emphasis	Mainly funding	Balance sheet solvency and funding	Mainly balance sheet solvency
Mark-to-market		Lower – flexibility in assumptions and smoothing	Intermediate	Higher – liability valuations reflect market conditions, inc. interest rates
Time horizon		Mainly long-term sustainability	1 year risk perspective and long-term sustainability	Mainly 1 year risk perspective
Solvency	Capital req.	Not in same manner as superfunds and insurers	Yes	Yes

Sources: Bank of England, The Pensions Regulator, and analysis for this report.

(a) For context only. Should not be interpreted as legal or regulatory advice.

(b) Regulated under legislation for trust-based occupational pension schemes and an interim regime operated by The Pensions Regulator. See House of Commons Library (2025), 'Pensions: defined benefit superfunds'.

Over the past few years, industry participants have expressed views that the regulatory approach to superfunds ought to avoid diverging more than necessary from the approach to defined benefit schemes, suggesting that excessive divergence could limit the sector's portfolio flexibility and risk contributing to unintended market distortions.⁸⁷ **While uncertain, any material divergence that was associated with such effects could potentially reduce the extent to which the sector might act as a source of long-term patient capital supply to the wider economy, for example to support infrastructure development.**

In March 2026, the **Canadian–Australian Pension Funds Investment Initiative** was agreed by their respective industries to facilitate cross-border investment between Canada and Australia, including regarding infrastructure. It has been described as a 'Memorandum of Understanding for partnership' that will be used to explore ways to support investment rather than a set of specific upfront commitments. It has been signed by eighteen firms, and it has been welcomed by the Prime Ministers of Canada and Australia.⁸⁸

Exploratory policy option 4: Regulatory regime for superfunds could potentially be formulated to ensure their resilience while otherwise avoiding excessive impacts on, and procyclicality in, their portfolio decisions.

⁸⁷ There have been periodic reports along these lines in the specialist UK insurance industry financial press over the past few years. The 'Superfunds engagement response' issued by TPR in 2025 notes that "...respondents identified that a fully dynamic discount rate could be challenging ..." and "Some believed that, depending on how it is implemented, dynamism could have undesirable consequences, with the potential for herding around particular types of assets and additional demand being created for certain types of assets where the supply was already limited".

⁸⁸ A Joint Statement by Prime Minister Mark Carney (Canada) and Prime Minister Anthony Albanese (Australia) was issued on 5 March 2026 that said "As two countries with large pension funds, Leaders welcomed enhanced collaboration between the financial sectors in Australia and Canada, including an MoU between Industry Funds Management (IFM), Canadian Pension funds and Australian Superannuation Funds signed in Sydney on 4 March and an invitation to a senior delegation of Australian Superannuation Funds to visit Canada in 2026." It is consistent with Prime Minister Carney's Davos 2026 Special Address, given on 20 January 2026, in which he called for middle powers to work more closely together in response to what he described as declining multilateralism.

Annex 6: Asset managers (Exploratory policy options 5 and 6)

Outcomes-focus

Until the United Kingdom left the European Union in 2020, the UK asset management industry was largely regulated day-to-day by the FCA under two harmonised frameworks that sought to achieve consistency across member states – the Alternative Investment Fund Managers Directive (AIFMD), and Undertakings for Collective Investment in Transferable Securities (UCITS).⁸⁹ Since then, reforms have been made and are underway intended to tailor regulation to the United Kingdom to be more streamlined, proportionate, and consistent, in principle, with goals like supporting economic growth while maintaining safeguards and protecting investors.⁹⁰

For example, in April 2025, the FCA issued a Call for Input alongside a government consultation regarding proposed legal changes to UK AIFMD to “make it easier for firms to grow, compete, innovate and enter the market” that would involve repealing firm facing legislative requirements.⁹¹ As of spring 2026, responses remain under consideration. This follows Discussion Paper 23/2, published by the FCA in February 2023, on the UK asset management regime broadly, also including UCITS.⁹²

The UK asset management sector, defined here via membership of The Investment Association, held roughly c.£10 trillion in assets under management as of 2024.⁹³ From the perspective of overall system dynamics, the outcome of the in-flight process regarding UK AIFMD could therefore be important, as might any hypothetical consideration about UCITS or other aspects of asset management regulation in the future, if it was deemed necessary by regulators.

Often, industry participants think that the approach to the asset management sector should be risk-based.⁹⁴ As such, it may be viewed by industry as supporting proportionality if, taken together, any reforms settled on an approach that was not prescriptive and focused on outcomes rather than, say, processes and compliance. In this regard, **one possibility that might, in principle, support the aggregate supply of long-term patient capital to the wider economy could be to flexibly align fund structures and operation with investor needs.** This could potentially be in a similar spirit to the authorisation of the first Long-Term Asset Fund (LTAF) by the FCA in 2023.⁹⁵ In July 2025, a study by The Investment Association found that c.57% of UK retail investors would consider investing in illiquid assets through LTAFs if access were straightforward.⁹⁶ This could potentially be consistent with latent demand, though the extent to which any behaviour may be consistent with survey intentions is uncertain. For illustration, a **highly stylised scenario in which aggregate holdings of long-term assets increased via such channels by c.1%⁹⁷ over time could imply a scale of roughly c.£100 billion.** In practice, a variety of factors could be relevant.

From an end-user standpoint, a **complementary possibility could be to consider supporting any such changes, if desired by regulators, with appropriate and carefully overseen use of automated advice within the Consumer Duty Framework,** which may contribute to informed decisions about the various funds that are and could hypothetically become available. Assets under management of so-called robo-advice have risen materially over the past few years but remains small by comparison to the total.⁹⁸

Exploratory policy option 5: Asset management regulation could potentially emphasise risk-based outcomes, including via flexible alignment of fund structures and operation with investors’ needs, supported by the framework for tailored and automated customer advice.

⁸⁹ Supplemented by domestic requirements. AIFMD applied to alternative investment funds, while UCITS applied to retail investment funds, onshored into domestic law when the United Kingdom left the European Union.

⁹⁰ See Nikhil Rathi’s letter to Prime Minister Starmer, ‘A new approach to ensure regulators and regulations support growth’, 16 January 2025, www.fca.org.uk/publication/correspondence/fca-letter-new-approach-support-growth.pdf.

⁹¹ Financial Conduct Authority (2025), ‘Future of regulation of alternative fund managers’, Call for Input. See paragraphs 1.2 and 1.4.

⁹² Financial Conduct Authority (2023), ‘Updating and improving the UK regime for asset management’, DP23/2.

⁹³ The Investment Association (2025), ‘Investment Management in the UK 2024–2025’. It says that the c.£10 trillion figure relates to almost all assets managed by FCA-authorized UK managers, not only UK-domiciled funds.

⁹⁴ For example, see Mayer Brown (2025), ‘UK regulatory update: asset management sector Q1 2025’. It says that the AIFMD consultation identified “the one-size-fits-all approach does not reflect the diversity of business models and risk profiles in the sector”.

⁹⁵ LTAF was a new type of open-ended fund recognised by the FCA to invest in long-term, less liquid assets by offering investors comparatively lower frequency dealing (rather than, say, daily dealing).

⁹⁶ The Investment Association (2025), ‘Going long, going local: retail investors on private markets and UK investment’. See the Executive Summary and Part Two for details.

⁹⁷ As of 2024, The Investment Association suggests that retail investors accounted for c.28% of total assets under management of its members (The Investment Association (2025), ‘UK investment management industry reaches new heights with £10 trillion AUM’, Press Release). For illustration, an eventual increase of c.1% in aggregate holdings of long-term assets solely via the c.57% of UK retail investors that self-identify as being interested, in principle, in holding more illiquid assets would imply a c.6% increase in such assets under management within that segment. In practice, aggregate effects could also be influenced by the non-retail segment, in which case the implied contribution from the retail segment associated with an assumed c.1% aggregate effect would be lower.

⁹⁸ KPMG (2024), ‘The Race for Robo Advice’.

UK-focused indexes

It might also be worth considering whether conditions for aggregate capital supply for UK companies could potentially be supported via the development of better integrated and widely recognised UK-focused equity and debt indexes and sub-indexes, perhaps aggregating up to something like a UK Whole Market Index.⁹⁹ The aim could be to embed them fully in existing global frameworks to support appropriate representation.

Boston Consulting Group estimates that in 2024, the global asset management industry held roughly c. US\$128 trillion assets under management,¹⁰⁰ with most held by managers in North America. Of this total, a portion, perhaps in the region of c.20%, may be unconstrained,¹⁰¹ with the remainder managed in other ways including passive index-tracking or active mandates and institutional portfolios managed with reference to benchmarks and associated risk constraints. On this basis, it might be plausible to assume that the bulk of global assets under management, perhaps in the region of c.80%, may be influenced by benchmarks to varying degrees and in different ways. Illustratively, this would correspond in scale to roughly c.US\$100 trillion.

Academic empirical analysis suggests that changes in index composition can generate modest but sometimes persistent shifts in asset allocation.^{102,103} The United Kingdom is represented in many major indexes with a weight that varies over time and across sectors, but broadly in the region of c.4% overall.¹⁰⁴ Therefore, given the large scale of global assets under management, even a **hypothetical, illustrative increase in UK weight of 10 basis points¹⁰⁵ in global indexes could imply a potential change over time in aggregate capital supply to UK companies by global asset managers of roughly c.US\$100 billion, or around c.£75 billion at exchange rates as of April 2026, other things being equal.** In practice, a variety of factors would likely be relevant, including the effects of portfolio constraints, mandate structures, and market participants' behaviour.

While highly uncertain, this suggests that development and integration of UK-focused indices could potentially complement other hypothetical, exploratory policy options in this report that might also support aggregate capital supply, including to long-term assets – alongside voluntary commitments made recently by some UK financial sectors (as noted in **Annexes 4 and 5**). Further, it **seems plausible to think this might contribute to a feedback loop between aggregate capital supply and product innovation.**

Exploratory policy option 6: Better integrated and widely recognised UK-focused indexes and sub-indexes could potentially contribute to conditions that support aggregate capital supply to UK companies

⁹⁹ Some commentators have previously suggested producing new UK indices could support wider macrofinancial goals. For example, see New Capital Consensus (2025), 'Effective Investment: How to stimulate UK productivity and growth'.

¹⁰⁰ Boston Consulting Group (2025), 'Global Asset Management Report 2025'.

¹⁰¹ This is an indicative aggregation rather than a known fact. It is intended to reflect a range of alternative and less benchmark-dependent market segments, including hedge funds (perhaps c.4%), private markets (perhaps c.11%), and opportunistic and unconstrained institutional mandates (perhaps c.5%). These categories can be difficult to disentangle and may overlap. But the qualitative point about the broad importance of benchmarks is reflected in many sources, including, for example, the reference in footnote 99.

¹⁰² Kashyap, A, Kovrijnykh, N, Li, J and Pavlova, A (2021), 'The benchmark inclusion subsidy', *Journal of Financial Economics*, Vol. 142(2), pages 756-774. The authors find that "[b]enchmarking generates additional, inelastic demand for assets inside the benchmark".

¹⁰³ Raddatz, C, Schmukler, S, L, and Williams, T (2017), 'International Asset Allocations and Capital Flows: The Benchmark Effect', *Journal of International Economics*, Vol. 108, pages 413-430. The authors find that "movements in benchmarks appear to have important effects ... [that] persist after controlling for time-varying industry-level factors, country-specific effects, and macroeconomic fundamentals".

¹⁰⁴ For example, the MSCI World Index had a UK country weight of 3.9% according to its Index Factsheet dated 27 February 2026, available from www.msci.com/documents/10199/255599/msci-world-index-gbp-gross.pdf.

¹⁰⁵ This could be very broadly consistent with the range of elasticities reported in academic literature, recognising that the United Kingdom is a mature market. But it is highly uncertain.

Annex 7: Derivatives and clearing (Exploratory policy option 7)

In the United Kingdom, derivatives markets and central clearing are primarily regulated under the UK European Market Infrastructure Regulation (UK EMIR), which came into force at the end of 2020. Since then, adjustments have been made and are under consideration, including to simplify the regime and reduce burden on smaller firms. The FCA and Bank of England share regulatory responsibility.¹⁰⁶ In the European Union, EMIR applies, on which the UK regime is based.

Derivatives and clearing regulations differ internationally, although approaches across many jurisdictions reflect G20 principles in important areas, including the commitment to centrally clear standardised Over-the-Counter (OTC) derivatives.¹⁰⁷ This includes frameworks in the United Kingdom, United States, European Union, Japan, Australia, Switzerland, Hong Kong, and Singapore,¹⁰⁸ although implementation details differ in important ways.¹⁰⁹

UK EMIR seeks to mitigate risks associated with the derivatives market in various ways, including through reporting,¹¹⁰ central clearing, and other measures. A trade reporting obligation requires that OTC and exchange-traded derivative contracts are reported to authorised trade repositories, which amongst other things might support regulators interested in monitoring exposures between firms, and more broadly understanding their interconnectedness. A clearing obligation requires that certain standardised OTC derivatives be cleared through central counterparties (CCPs), intended to reduce counterparty credit risk and help to limit contagion if one participant defaults. Non-cleared OTC derivatives are also subject to risk mitigation requirements, including regarding operational processes and margining requirements.¹¹¹

Policymakers often emphasise that it is vital central clearing operates safely, including from the perspective of financial stability.¹¹² Subject to that, efficiency might be important for various reasons, including due to potential broader knock-on effects. At present, margin is generally calculated and collected at the level of individual CCPs, with netting generally available within venues.¹¹³ One possibility to support efficiency for clearing members, and hence indirectly for the financial sector more generally, may therefore be to explore enhanced collateral optimisation and margin arrangements across CCPs, for example regarding collateral allocation and, where applicable, cross-margining.¹¹⁴ This would need to be considered carefully, but to the extent supported by rigorous risk modelling and subject to other feasibility considerations, it could, in principle, allow market participants to achieve more efficient overall collateral usage across positions than might otherwise be the case. Estimates of total collateral held across UK CCPs are often a few years out of date. For rough scale, a Bank of England paper published in 2024 suggested that in the preceding years, the average daily level of initial margin pledged by the clearing members of the main UK CCPs was around £185 billion.¹¹⁵

In the longer-term, it might also be worth considering steps that could potentially support accessibility to clearing, particularly for end-users that rely on derivatives for hedging important business risks. Access to CCPs such as LCH Group or ICE Clear Europe often occurs through clearing members, which can involve sophisticated operational processes, bespoke documentation, and onboarding costs.

Exploratory policy option 7: Balance sheet efficiency of clearing could potentially be supported via enhanced collateral optimisation and margin arrangements across CCPs, and accessibility via operational simplicity and legal certainty.

¹⁰⁶ Further information can be found via the FCA and Bank of England websites, www.fca.org.uk/markets/uk-emir and www.bankofengland.co.uk/financial-stability/trade-repository-data/uk-emir-reporting-gas.

¹⁰⁷ Financial Stability Board (2019), 'OTC Derivatives Market Reforms: 2019 Progress Report on Implementation'.

¹⁰⁸ Financial Stability Board (2022), 'OTC Derivatives Market Reforms: Implementation progress in 2022'. See Table 1.

¹⁰⁹ This overview is indicative and simplified, for context, and not exhaustive.

¹¹⁰ A major update to the reporting framework was made in 2024 as part of the so-called UK EMIR Refit. For example, see Simmons and Simmons (2023), 'Recap and Timeline of EMIR Refit Reporting Changes'.

¹¹¹ For example, see www.ashurst.com/en/insights/finance-resources/emir/emir-what-you-need-to-know.

¹¹² Breeden, S (2025), 'A system-wide approach to system-wide resilience: CCPs and their users', speech at ISDA Annual General Meeting, Amsterdam.

¹¹³ The Bank of England said in July 2025 that one UK CCP has interoperability arrangements. See paragraph 24.39 of Bank of England (2025), 'Ensuring the resilience of CCPs', Consultation Paper.

¹¹⁴ In the context of the repo market, industry participants have "suggested allowing cross-margining across CCPs". See Bank of England (2026), 'Enhancing the resilience of the gilt repo market – discussion paper feedback statement'.

¹¹⁵ Benos, E, Ferrara, G, and Rinaldo, A (2024), 'Collateral cycles', Bank of England Staff Working Paper No. 966.

Annex 8: FinTech (Exploratory policy option 8)

In the United Kingdom, FinTech companies are generally regulated by the FCA, with the PRA, the Payment Systems Regulator (PSR), and the Competition and Markets Authority (CMA) also playing roles. There is not a FinTech specific regulatory regime.¹¹⁶ Regulation generally reflects the materiality of the activities performed rather than the technology deployed, with principles-based and rules-based elements.¹¹⁷ There can therefore be various relevant pieces of legislation.¹¹⁸

Approaches to FinTech regulation vary internationally.¹¹⁹ In an update published in October 2025,¹²⁰ the Financial Stability Board (FSB) said that “Crypto-asset markets and regulation are changing rapidly”. At that point, FSB said there had been “notable advancements” regarding implementation of its crypto-asset recommendations, with a regulatory framework finalised in some jurisdictions including the European Union, Hong Kong, Japan, and Singapore. The publication showed that, at the time, fewer jurisdictions had finalised regulatory frameworks for global stablecoins, aside from a handful, including again the European Union, Hong Kong, and Japan. But there have since been important developments, including in February 2026 regarding the framework in the United Kingdom.¹²¹

At least to some degree, **today, many jurisdictions use regulatory sandboxes** to support early regulatory engagement on different facets of FinTech, though they vary in their scope, sophistication, and centrality to the regulatory process. Some research suggests that they may have material quantifiable effects.¹²² The FCA launched one of the first regulatory sandboxes in 2016.¹²³ It is often thought to have informed similar developments over the decade since, including by other authorities in the United Kingdom. For example, the Digital Securities Sandbox has been jointly operated by the FCA and the Bank of England since 2024.

Taking these developments into account, **it may be worth considering if and how regulatory sandboxes could be further developed to support responsible innovation, in line with any evolving regulatory approach.** This could perhaps include creating predictable testing pathways for firms graduating from sandboxes and considering how cross-border participation is accommodated.¹²⁴

It may also be worth considering the extent to which the **clarity and availability of licensing categories for FinTech companies used in the authorisations process**, and the speed at which it proceeds, are consistent with rounded system-level outcomes and proportionality. Within this, a desire for the non-bank sector that is sometimes reported is access to payments infrastructure, though as with all possibilities, it would be vital to first evaluate the potential impact on safety and soundness.

Data from Innovate Finance¹²⁵ suggests that, in 2025, global investment in FinTech was around US\$53 billion, almost half of which was in the United States. Investment in the United Kingdom was around US\$3.6 billion, a little north of the figures for India, UAE, and Singapore. Of the five largest deals globally, one related to the United Kingdom.¹²⁶

Exploratory policy option 8: Developing, scaling, and coordinating regulatory sandboxes leading into time-limited transition supervision could potentially support innovation.

¹¹⁶ For example, in its Highlights summary of FCA Chief Executive Nikhil Rathi’s speech entitled ‘Our emerging regulatory approach to Big Tech and Artificial Intelligence’ given in July 2023, the FCA says “Our outcomes and principles-based approach to the regulation ... should mean firms have scope to innovate” and “We will only intervene with new rules or guidance where necessary”.

¹¹⁷ For a broad overview, see International Comparative Legal Guides (2025), ‘Fintech Laws and Regulations: United Kingdom 2025–2026’.

¹¹⁸ For example, the Payment Services Regulations 2017, the Money Laundering Regulations 2017, and the Electronic Money Regulations 2011.

¹¹⁹ Ehrentraud, J, Garcia Ocampo, D, Garzoni, L, and Piccolo, M (2020), ‘Policy responses to fintech: a cross-country overview’, FSI Insights on policy implementation, No. 23.

¹²⁰ Financial Stability Board (2025), ‘Thematic Review on FSB Global Regulatory Framework for Crypto-asset activities: Peer review report’.

¹²¹ This overview is indicative and simplified, for context, and not exhaustive.

¹²² Further information on both is provided by Cornelli, G, Doerr, S, Gambacorta, L, and Merrouche, O (revised 2023), ‘Regulatory sandboxes and fintech funding: evidence from the UK’, BIS Working Paper No. 901.

¹²³ The Financial Conduct Authority described it as “a ‘safe space’ in which businesses can test innovative products, services, business models and delivery mechanisms while ensuring that consumers are appropriately protected”.

¹²⁴ Revolut and Monzo are examples of FinTech companies that have participated in UK regulatory sandboxes.

¹²⁵ Innovate Finance FinTech Investment Landscape 2025, www.innovatefinance.com/capital/fintech-investment-landscape-2025.

¹²⁶ FNZ, a wealth management firm, with the others relating to the United States (2), UAE (1), and India (1).

Annex 9: Initial Public Offerings (Exploratory policy options 9 and 10)

Technical factors

The FCA regulates the admission of companies to listing on regulated markets in the United Kingdom, including Initial Public Offerings (IPOs). This involves setting Listing Rules governing eligibility for companies seeking a public listing, disclosure requirements through the prospectus regime, and ongoing reporting obligations.¹²⁷ The relevant exchange is responsible for the operation of the trading venue and for admission to trading under its rules, which in the United Kingdom is often the London Stock Exchange.

Over the past decade, data from PwC suggest that annual global IPO proceeds have generally ranged between c.US\$100–200 billion in aggregate, aside from in 2020–21 when they spiked higher.¹²⁸ **In 2025, all the top ten global IPOs were listed outside of the United Kingdom.**¹²⁹ **Of the all-time top twenty global IPOs, one has been in the United Kingdom.**¹³⁰ A long-run data set compiled by Prof. Ritter at the University of Florida suggest that, **for a number of years, the United States has attracted a material proportion of non-domestic issuers.**¹³¹

Some empirical studies suggest that IPO activity can be affected by various factors, including broad economic conditions and technical features related to listing venues.¹³² Regarding the latter, in 2021, The UK Listings Review chaired by Lord Hill published various recommendations. Many of these have been implemented by the FCA, including regarding dual-class share structures (to enable founder-led companies to retain control), and minimum free float (to enable more companies to list), amongst other things. Many of those that have not have nevertheless been partly implemented or are in progress.

It may be too early to fully evaluate the medium-term impacts of recent changes to Listing Rules, including on whether and how perceptions about the flexibility of the updated UK approach, compared to other jurisdictions, may or may not persistently affect behaviour over time. Industry and other commentary has previously noted the ways in which regulation regarding dual-class share structures might be important,¹³³ including regarding relatively short duration (sunset) structures, since these could partly act as a disincentive where founders are concerned about retaining long-term corporate control.¹³⁴

Exploratory policy option 9: Technical factors affecting the functioning of UK listings could potentially be kept under review, including regarding dual-class share structures.

Research

Generally, investment research can be important to well-functioning markets because it can support transparency.¹³⁵ In May 2025, the FCA published PS25/4,¹³⁶ which related to changes to the framework governing how UK asset managers may pay for investment research. While the changes were not specific to IPOs, it is possible they could influence the broader availability of research across listed companies.

Against this backdrop, a range of factors could, in principle, be relevant to the future evolution of the IPO sector. **One area sometimes discussed in this context, including by the Kent Review in 2023, is the potential role of connected-analyst research in supporting the availability of information relating to smaller issuers, including their business models and growth assumptions.**¹³⁷ However, such approaches can raise questions about potential conflicts of interest and the risk of bias, so clear disclosure practices could be important if any such developments were to be considered.

Exploratory policy option 10: Information availability and transparency could potentially be supported by development of alternative avenues for IPO research, including carefully managed connected-analyst research.

¹²⁷ The FCA made changes to the Listing Rules that became operational in July 2024. See, Pritchard, S (2024), 'The FCA's new Listing Rules and what's to come, speech given at The Capital Markets Industry Taskforce conference.

¹²⁸ PwC (2025), 'Global IPO Watch 2025'.

¹²⁹ In the United States (NYSE, Nasdaq), India (NSEI), China (Shanghai), Hong Kong (HKEX), Japan (TSE), Sweden (Nasdaq Nordic Stockholm).

¹³⁰ Data from Renaissance Capital, www.renaissancecapital.com/IPO-Center/Stats/Largest-Global-IPOs. Glencore listed on the London Stock Exchange in 2011, raising c.US\$10 billion, placing it nineteenth globally. The largest global IPO to date was Saudi Aramco listed on the Saudi Stock Exchange in 2019, raising US\$25.6 billion. Eight of the all-time top twenty listings have been in the United States, more than any other jurisdiction.

¹³¹ Ritter, J, R, 'Initial Public Offerings: Updated Statistics', Table 14, University of Florida. Empirical data available at <https://site.warrington.ufl.edu/ritter/files/IPO-Statistics.pdf>.

¹³² For example, see Demir, I, Ghofrani, E, and Liu, Y (2025), 'Attracting new listings: what shapes IPO activity across markets', World Federation of Exchanges Working Paper No. 10.

¹³³ For example, see Chartered Governance Institute UK & Ireland (2024), 'How dual-class shares will help London attract tech IPOs', Blog.

¹³⁴ For example, see Oxford Business Law Blog (2021), 'The Rise of Dual-Class Stock IPOs' by Dhruv Aggarwal, Ofer Elder, Yael V Hochberg, and Lubomir P Litov.

¹³⁵ HM Government (2023), 'UK Investment Research Review', Policy paper (led by Rachel Kent).

¹³⁶ Financial Conduct Authority (2025), 'Investment research payment optionality for fund managers', PS25/4.

¹³⁷ For example, see paragraph 5.72–5.74 from the reference in footnote 135.

References

- A&O Shearman (2026), 'UK ring-fencing reform: why the ring-fence should be recalibrated, and how'
- Association for Financial Markets in Europe (2026), 'AFME Calls for Targeted Reforms to Strengthen Competition and Efficiency in EU Capital Markets', Press Release
- Aikman, D (2026), 'Stress testing needs a reset', National Institute of Economic and Social Research
- Association of British Insurers (2025), 'Pension industry unites on Mansion House Accord to boost saver outcomes and UK growth'
- Australian Prudential Regulation Authority (2020), 'Submission to the Senate Select Committee on Financial Technology and Regulatory Technology'
- Bailey, A, (2026), 'Central Bank Independence – in need of further thinking', speech at Columbia University, New York
- Bailey, A (2026), 'The world today', speech at the AIUa Conference for Emerging Market Economies 2026
- Bank of England (2026), 'Enhancing the resilience of the gilt repo market – discussion paper feedback statement'
- Bank of England (2025), Financial Stability Report: December 2025
- Bank of England (2025), 'Ensuring the resilience of CCPs', Consultation Paper
- Bank of England (2025), 'The number of Part VII transfers of insurance businesses for each year since 2015–2016, with a year-end date of 30 June', Freedom of Information
- Bank of England (2024), 'The Bank of England's approach to cost benefit analysis', Statement of Policy
- Benos, E, Ferrara, G, and Ranaldo, A (2024), 'Collateral cycles', Bank of England Staff Working Paper No. 966
- Blejer, M, I, and Wachtel, P (2020), 'A fresh look at central bank independence', Cato Journal, Vol. 40, No. 1 (Winter 2020)
- Boston Consulting Group (2025), 'Global Asset Management Report 2025'
- Breeden, S (2025), 'A system-wide approach to system-wide resilience: CCPs and their users', speech at ISDA Annual General Meeting, Amsterdam
- Breeden, S (2024), 'Engaging with the machine: AI and financial stability', speech at the HKMA-BIS Joint Conference on Opportunities and Challenges of Emerging Technologies in the Financial Ecosystem
- Britton, K, Dawkes, L, Debbage, S, and Idris, T (2016), 'Ring-fencing: what is it and how will it affect banks and their customers?', Bank of England Quarterly Bulletin, 2016 Q4
- Carney, M (2026), 'Special Address at the World Economic Forum'
- Chartered Governance Institute UK & Ireland (2024), 'How dual-class shares will help London attract tech IPOs', Blog
- Chaziza, M and Lutmar, C (2025), 'The UAE's niche diplomacy in the Middle East: authoritarian

strategies of a middle power', *Global Security: Health, Science and Policy*, Vol. 10, No. 1

City of London Corporation (2026), 'Our global offer to business: Sixth edition'

City of London Corporation (2025), 'City of London Corporation Autumn Budget Response 2025'

Cornelli, G, Doerr, S, Gambacorta, L, and Merrouche, O (revised 2023), 'Regulatory sandboxes and fintech funding: evidence from the UK', *BIS Working Paper No. 901*

Coyle, D and Muhtar, A (2023), 'Assessing policy coordination in government: text and network analysis of the UK's economic strategies', *European Journal of Political Economy*

Dall'Orto Mas, R, Vonessen, B, Fehlker, C, and Arnold, K (2020), 'The case for central bank independence: a review of key issues in the international debate', *European Central Bank, Occasional Paper Series, No. 248, October*

Deloitte (2025), 'Shaping tomorrow through investment: Japan's vision as a leading asset management center', *Performance Magazine, Issue 47*

Demir, I, Ghofrani, E, and Liu, Y (2025), 'Attracting new listings: what shapes IPO activity across markets', *World Federation of Exchanges Working Paper No. 10*

Ehrentraud, J, Garcia Ocampo, D, Garzoni, L, and Piccolo, M (2020), 'Policy responses to fintech: a cross-country overview', *FSI Insights on policy implementation, No. 23*

Erten, I, Neamțu, I, and Thanassoulis (2026), 'The ring-fencing bonus', *Review of Finance, 00, 1-34*

European Commission (2025), 'Savings and Investment Union', *Press Release*

Eversheds Sutherland (2026), 'UK: Overseas Funds Regime (OFR) – what's next?', *Insights*

EY (2026), 'Re-shaping the ring-fence: a global comparison of structural banking regimes'

EY (2025), 'What to expect: UK financial services regulation in 2026'

EY (2025), 'Hong Kong's role in the Belt and Road: from super-connector to value-adding partner', *Special Edition of the Navigator report for the Belt and Road Summit 2025 in Hong Kong*

FINMA (2024), 'The Swiss Solvency Test: Fact Sheet'

Financial Conduct Authority (2026), 'Mortgage Lending Statistics (Q4 2025 edition)'

Financial Conduct Authority (2025), 'Corporate governance of the Financial Conduct Authority'

Financial Conduct Authority (2025), 'Investment research payment optionality for fund managers', *PS25/4*

Financial Conduct Authority (2025), 'Future of regulation of alternative fund managers', *Call for Input*

Financial Conduct Authority (2025), 'FCA annual work programme 2025-26'

Financial Conduct Authority (2025), *Nikhil Rathi's letter to Dame Meg Hiller: 11 March 2025*

Financial Conduct Authority (2025), *Nikhil Rathi's letter to Prime Minister Starmer: 16 January 2025*

Financial Conduct Authority (2024), 'Our Enforcement Guide and publicising enforcement investigations – a new approach', *CP24/2*



Financial Conduct Authority (2023), 'Diversity and inclusion in the financial sector – working together to drive change', CP23/20.

Financial Conduct Authority (2023), 'Updating and improving the UK regime for asset management', DP23/2

Financial Conduct Authority (2022), 'A new Consumer Duty: Feedback to CP21/36 and final rules', PS22/9

Financial Conduct Authority (2015), 'Credit Card Market Study', Market Study 14/6

Financial Services Compensation Scheme (2018), 'FSCS into the 2020s: Protecting the Future'

Financial Stability Board (2025), 'Thematic Review on FSB Global Regulatory Framework for Crypto-asset activities: Peer review report'

Financial Stability Board (2022), 'OTC Derivatives Market Reforms: Implementation progress in 2022'

Financial Stability Board (2019), 'OTC Derivatives Market Reforms: 2019 Progress Report on Implementation'

Fisher, P (2025), 'Should the Bank of England have a dual mandate?', Warwick Business School

Gerken, C (2022), 'Four Rs: Creating the conditions for long-term sustainable growth in the life annuity sector'.

Global Market Insights (2024), 'Hedge Fund Market Size & Share 2025 to 2034'

Goodhart, C, and Lastra, R (2024), 'The changing and growing roles of independent central banks now do require a reconsideration of their mandate', London School of Economics and Political Science

Goodhart, C (2018), 'The Bank of England, 1694–2017' in Edvinson, R, Jacobson, T and Waldenstrom, D (Editors), 'Sveriges Riksbank and the history of central banking', pages 143–171, Cambridge University Press

Greene, M (2026), 'Whether and how to respond to monetary policy divergence', speech at the Resolution Foundation

HM Government (2026), 'Government to create new lab to keep UK in the fast lane on AI breakthroughs', Press Release

HM Government (2025), Chancellor Reeves' Mansion House Speech 2025

HM Government (2023), 'UK Investment Research Review', Policy paper (led by Rachel Kent)

HM Government (2023), 'Ring-fencing and Proprietary Trading: Independent Review' ('Skeoch Review')

HM Government (2022), Chancellor Hunt's Statement on Financial Services

HM Government (2021), 'National AI strategy', Command Paper 525

HM Government (2021), 'UK Listings Review' ('Hill Review')

HM Government (2019), 'Spring Statement 2019', Hansard, Volume 656

House of Commons Library (2025), 'Pensions: defined benefit superfunds'



House of Commons Library (2025), 'Pension Schemes Bill 2024–2025'

House of Commons Library (2024), 'Financial services in the UK'

House of Commons Library (2013), 'The Independent Commission on Banking: The Vickers Report'

House of Lords (2025), 'Growing pains: clarity and culture change required', HL Paper 133

House of Lords (2023), 'Making an independent Bank of England work better', Economic Affairs Committee, 1st Report of Session 2023–24

Innovate Finance (2026), 'FinTech Investment Landscape 2025'

Institute for Government (2022), 'Timeline of UK coronavirus lockdowns'

Insurance Authority (2026), 'An Overview of the Risk-based Capital Regime'

International Comparative Legal Guides (2025), 'Fintech Laws and Regulations: United Kingdom 2025–2026'

International Monetary Fund (2026), 'Staff Concluding Statement of the 2026 Article IV Mission'

Kashyap, A, Kovrijnykh, N, Li, J, and Pavlova, A (2021), 'The benchmark inclusion subsidy', *Journal of Financial Economics*, Vol. 142(2), pages 756–774

KPMG (2025), 'Regulatory Barometer: October 2025'

KPMG (2025), 'Rethink ring-fencing for growth, say majority of UK financial services leaders', Press Release

KPMG (2024), 'The Race for Robo Advice'

Lane, Clark & Peacock (2025), 'The 2025 Pension Schemes Bill unlocks potential £600bn market for DB superfunds', article by Sam Jenkins (Partner)

Lee, N, Ni, M, and Boey, A (2024), 'The Scale-up State: Singapore's Industrial Policy for the Digital Economy', London School of Economics and Political Science, Southeast Asia Working Paper Series, Paper No. 11

Liikanen, E (2012), 'High-level Expert Group on reforming the structure of the EU banking sector', European Commission

Lombardelli, C (2024), 'Managing the present, shaping the future', speech given at the Bank of England Watchers Conference

Mayer Brown (2025), 'UK regulatory update: asset management sector Q1 2025'

Monetary Authority of Singapore (2026), 'Notice 133 Valuation and Capital Framework for Insurers'

Nelson, L (2026), 'Fence and sensibility: deregulation and the ring-fence', *Financial World Magazine*, Wallbrook Institute London

New Capital Consensus (2025), 'Effective Investment: How to stimulate UK productivity and growth'

OECD (2025), 'Pensions at a Glance 2025: OECD and G20 Indicators'

OECD (2025), 'Pension Markets in Focus 2025'



OECD (2024), 'Pensions at a Glance Asia/Pacific 2024'

Office for Budget Responsibility (2025), 'Fiscal risks and sustainability: July 2025', CP 1343

Office for National Statistics (2025), 'National balance sheet estimates for the UK: 2025'

Office for the Superintendent of Financial Institutions Canada (2026), 'Supervisory Framework'

Oxford Business Law Blog (2021), 'The Rise of Dual-Class Stock IPOs' by Dhruv Aggarwal, Ofer Elder, Yael V Hochberg, and Lubomir P Litov

Pension Protection Fund (2025), 'The Purple Book 2025'

Phoenix Group (2024), 'Solvency UK: the case for introducing a Matching Adjustment Sandbox'

Pinsent Masons (2025), 'Part VII transfers on the rise amidst UK financial services M&A uptick', article by Peter McCusker (Partner)

Pritchard, S (2024), 'The FCA's new Listing Rules and what's to come', speech at The Capital Markets Industry Taskforce conference

Prudential Regulation Authority (2026), 'High loan to income lending', CP6/26

Prudential Regulation Authority (2025), 'PRA and FCA announce changes to banker bonuses for 2025', News release

Prudential Regulation Authority (2025), 'Matching Adjustment Investment Accelerator', PS17/25

Prudential Regulation Authority (2025), 'Solvency II: Matching Adjustment', SS7/18 (updated)

Prudential Regulation Authority (2025), 'PRA and FCA announce changes to banker bonuses for 2025', News release

Prudential Regulation Authority (2025), 'Prudential Regulation Authority Business Plan 2025-26'

Prudential Regulation Authority (2025), Sam Woods' letter to Dame Meg Hillier: 11 March 2025

Prudential Regulation Authority (2025), 'The Prudential Regulation Authority's approach to policy'

Prudential Regulation Authority (2024), 'Review of Solvency II: Restatement of assimilated law', PS15/24

Prudential Regulation Authority (2024), 'Review of ring-fencing rules'

Prudential Regulation Authority (2023), Sam Woods' letter to Sir Stephen Timms: 29 September 2023

Prudential Regulation Authority (2023), 'Review of Solvency II: Reform of the Matching Adjustment', CP19/23

Prudential Regulation Authority (2023), 'Diversity and inclusion in PRA-regulated firms', CP18/23

Prudential Regulation Authority (2022), 'Implementation of the Basel 3.1 standards', CP16/22

Prudential Regulation Authority (2022), 'Recovery planning', SS9/17 (updated)

PwC (2025), 'Global IPO Watch 2025'

PwC (2022), 'Solvency II Review: Rethinking the Fundamental Spread'



PwC (2016), 'Leaving the EU: Implications for the UK financial services sector'

Raddatz, C, Schmukler, S, L, and Williams, T (2017), 'International Asset Allocations and Capital Flows: The Benchmark Effect', Journal of International Economics, Vol. 108, pages 413-430

Rathi, N (2023), 'Our emerging regulatory approach to Big Tech and Artificial Intelligence'

Renaissance Capital (2026), 'All Time Largest Global IPOs'

Schroders (2023), 'How technology is transforming India's economy', Insight by Jigar Gandhi

Securities and Exchange Commission (2025), 'Formation of Cross-Border Taskforce to Combat Fraud', Press Release

Simmons and Simmons (2023), 'Recap and Timeline of EMIR Refit Reporting Changes', Publication

Simmons and Simmons (2023), 'UAE Employment Update', Publication

Slaughter and May (2024), 'UK bank ring-fencing: worthwhile reforms?'

Startups Magazine (2026), 'Two-thirds of UK tech companies are based outside London'

TheCityUK (2026), 'Key facts about the UK as an international financial centre 2025'

TheCityUK (2025), 'Key facts about UK-based financial and related professional services 2025'

The Investment Association (2025), 'Investment Management in the UK 2024-2025'

The Investment Association (2025), 'UK investment management industry reaches new heights with £10 trillion AUM', Press Release

The Investment Association (2025), 'Going long, going local: retail investors on private markets and UK investment'

The Pensions Regulator (2025), 'Superfunds engagement response'

The Pensions Regulator (2025), 'Annual report and accounts 2024-25'

The Pensions Regulator (2024), 'Pathway to net zero report'

Thornhill, J (2025), 'The Edinburgh and Leeds Reforms: a progress report', New Financial

Trades Union Congress (2025), 'Unaccountable OBR risks being a strait-jacket on growth', News Listing

Transition Finance Council (2026), 'Year-end Progress Report'

Truran, G (2025), 'Overseeing BPA growth safely', speech given at the 22nd Westminster and City Annual Bulk Annuities Conference

UK Finance and EY (2025), 'UK public and private markets: a unified strategy for growth and prosperity'

UK Finance (2024), 'Consumer Duty: Unintended Consequences (part two)', blog article

Vitali, J, and Marsh, Z (2024), 'The Rise of the Regulators', Policy Exchange

Woods, S (2024), 'Competing for growth', speech at the Annual City Banquet, Mansion House



Work and Pensions Committee (2023), Sir Stephen Timms' letter to Sam Woods regarding DB pension scheme consolidation: 13 September 2013

Wright, W (2025), 'UK capital markets: a manifesto for growth', New Financial

Wright, W, Breen, C, Thornhill, J and Hames, M (2024), 'A focus on market outcomes: evaluating the UK regulatory framework', New Financial

Z/Yen and China Development Institute (2015-25), 'The Global Financial Centres Index'



Abbreviations

AIFMD
Alternative Investment Fund Managers Directive

CCP
Central Counterparty

CMA
Competition and Markets Authority

DWP
Department for Work and Pensions

ECB
European Central Bank

EMIR
European Market Infrastructure Regulation

FCA
Financial Conduct Authority

FOMC
Federal Open Market Committee

FPC
Financial Policy Committee

FSA
Financial Services Authority

FSB
Financial Stability Board

FSCS
Financial Services Compensation Scheme

FSMA
Financial Services and Markets Act

IAIS
International Association of Insurance Supervisors

IPO
Initial Public Offering

LTAf
Long-Term Asset Fund

MA
Matching Adjustment

MAIA
Matching Adjustment Investment Accelerator

MAP
Matching Adjustment Portfolio

MPC
Monetary Policy Committee

MREL
Minimum Requirement for Own Funds and Eligible Liabilities

NIESR
National Institute of Economic and Social Research

OBR
Office for Budget Responsibility

OTC
Over-the-counter

PRA
Prudential Regulation Authority

PRC
Prudential Regulation Committee

PSR
Payment Systems Regulator

TPR
The Pensions Regulator

UCITS
Undertakings for Collective Investment in Transferable Securities



