



**A response to the PRA's  
consultation paper 3/24 on its  
approach to rule permissions  
and waivers**

## Introduction

UK Finance is the collective voice for the banking and finance industry. Representing more than 300 firms, we act to enhance competitiveness, support customers, and facilitate innovation.

We are pleased to respond to the PRA's [CP 3/24](#) on its approach to rule permissions and waivers.

This is required as the provisions in Part 4 of the 2015 Regulations that deal with measures which require PRA approval, such as use of internal models will be revoked and in the future, use of these measures will be the responsibility of the PRA.

This will be achieved by the application of section 138BA of FSMA which grants the PRA flexibility to disapply or modify the application of any of its rules. Firms will then be able to apply to the PRA for permission to use measures which require PRA rules to be disapplied or modified.

This will bring the regime into line with the Financial Services and Markets Act 2000 model of regulation by keeping the overarching framework for regulation set by the government in legislation but removing most detailed regulation from the statute book, an approach we very much support.

Existing powers in relation to granting of waivers of permissions including s138 and s144G will remain although the assimilated law powers to grant permissions and waivers only in relation to specific provisions will be revoked.

We note that where the PRA envisages granting specific permissions under s138BA with predetermined criteria the availability and effect of such a permission will generally be subject to a Specific Statement of Policy.

## Key messages

- ▶ We very much welcome the PRA setting out its approach to permissions made under section 138BA of the Financial Services and Markets Act (FSMA) 2023.
- ▶ Our members cite instances in the past where there has been in agreement between the PRA and the firm that the facts of a particular trade generate no exposure but that the PRA has felt unable to disapply or modify its rules.
- ▶ Our reading of the new power at s138BA lead us to believe that this is exactly the sort of problem that can now be overcome by the PRA, following appropriate engagement with the firm, given limited discretion permitted previously.
- ▶ Our members have noted that particularly for application related to new business for the amendment to be effective and promote competitiveness approval of the requested amendment would need to be provided with limited delay.



Email: [simon.hills@ukfinance.org.uk](mailto:simon.hills@ukfinance.org.uk)

Phone: +44 (0) 7921 498183