

Climate considerations now fully embedded across UK principal financial regulators

News story

The UK has extended its global leadership on green finance by requiring its principal financial regulators to consider climate change, it was announced today (24 March 2021).



- UK extends global leadership on green finance in run up to COP26 by requiring its principal financial regulators to consider climate
- transition to net zero now included in Prudential Regulation Committee and Financial Conduct Authority remits
- remits for Bank of England's Monetary Policy Committee and Financial Policy Committee updated by the Chancellor at Budget 2021

The move raises global ambition ahead of COP26 in November where the UK is aiming to ensure every financial decision takes climate change into account.

Building on their existing body of climate change-related work, the Financial Conduct Authority (FCA) and Prudential Regulation Committee (PRC), which supervise financial services firms, should now take into account the Government's legally binding commitment to transition to a net zero economy by 2050, following a letter from the Chancellor updating their respective remits today.

The letters set out the Government's ambition to deliver a financial system which supports and enables a net zero economy, and mobilises private finance behind sustainable and resilient growth.

This follows the publication of the updated remits for the Bank of England's Monetary Policy Committee (MPC) and Financial Policy Committee (FPC) at Budget 2021, which also reflect the importance of environmental sustainability and the transition towards net zero.

Transitioning to an environmentally sustainable and resilient net zero

economy is a key pillar of the government's economic strategy to achieve strong, sustainable and balanced growth.

The updated remit letters also support the UK's plans to boost the competitiveness of its financial services sector by positioning it to seize the opportunities from the transition to net zero.

Further information

- The Financial Services and Markets Act (2000) and Bank of England Act (1998) requires HM Treasury to make recommendations to the FCA and PRC respectively about the aspects of the Government's economic policy that should be taken into account when considering how to advance their objectives and discharge their duties.
- The remit and recommendations letter for the FPC is available [here](#)
- The remit letter for the MPC is available [here](#)
- The remit and recommendations letter for the PRC is available [here](#)
- The remit and recommendations letter for the FCA is available [here](#)

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