

News story: Reforms to put financial stability at the heart of the UK's regulatory system complete

From Wednesday 1 March, the Bank of England's new Prudential Regulation Committee (PRC) will take control of the Prudential Regulation Authority's (PRA) most important financial stability supervision and policy decisions.

The change, which was set out in the Bank of England and Financial Services Act 2016, ends the PRA's subsidiary status to the Bank and sees the PRC replace the PRA board. There are no changes to the PRA's objectives or functions.

These changes will mean the Bank of England is better equipped to fulfil its vital role of overseeing monetary policy and financial stability for the whole of the UK by strengthening the governance and accountability of the Bank.

The Chancellor has reappointed the external members of the PRA Board to the PRC and has approved the new appointment by the Governor of the Bank of England of Ben Broadbent to the PRC.

Economic Secretary to the Treasury, Simon Kirby, said:

A well-regulated financial system is central to a strong economy. Since 2010, we have radically reformed how the UK's financial services industry is supervised and put the Bank of England back at the heart of the system, where it belongs.

Integrating the Prudential Regulation Authority with the Bank of England completes this process and strengthens the governance and accountability of the Bank.

The Prudential Regulation Committee is created on the same legal footing as the Monetary Policy Committee and the Financial Policy Committee.

The Bank of England and Financial Services Act 2016 is the government's third major piece of legislation since 2010 to fundamentally reform the financial sector.

The Financial Services Act 2012 dismantled the failed tripartite system, putting the Bank of England at the centre of a new framework of financial regulation.

The Banking Reform Act 2013 put in place strict new rules on bank ring-fencing and made sweeping changes to enhance individual accountability and raise standards in banking.