



# HM Treasury

## Financial Services (Banking Reform) Bill

### Government Amendments: PRA Competition Objective

Briefing for Peers

October 2013

#### Overview

The final report of the Parliamentary Commission on Banking Standards (PCBS), *Changing banking for good*, recommended the creation of a new secondary competition objective for the Prudential Regulation Authority (PRA). The Government accepted this recommendation and announced in its response to the PCBS (Cm 8661) published on 8 July 2013, that it would bring forward amendments to the Financial Services (Banking Reform) Bill to give the PRA a secondary competition objective.

#### New Government Amendment: PRA secondary competition objective

As a secondary objective, the PRA's requirement to promote competition is subordinate to its general objective to ensure the safety and soundness of the firms that it regulates (and to its insurance objective). However, the secondary objective requires the PRA to take a more proactive approach on competition than implied by its existing duty to "have regard" to the need to minimise the adverse affects on competition of its exercise of its general functions. This means that in taking action which advances its general and/or insurance objective it will be expected to act in a way which advances its secondary objective. It will also be expected to keep the prudential regime under review to consider changes that might further its competition objective without undermining the PRA's general and/or insurance objective.

The secondary competition objective, like the current 'have regard', is not intended to mirror the language of the FCA's primary competition objective which reflects the FCA's different remit.

---

#### Further Enquiries

1. For further information, please contact the Bill Manager Tom Wipperman (020 7270 6180, [tom.wipperman@hmtreasury.gsi.gov.uk](mailto:tom.wipperman@hmtreasury.gsi.gov.uk)) or the Bill Team Leader Ian Ginsberg (020 7270 5967, [ian.ginsberg@hmtreasury.gsi.gov.uk](mailto:ian.ginsberg@hmtreasury.gsi.gov.uk))
2. For access to publications please go to [www.gov.uk/government/policies/creating-stronger-and-safer-banks](http://www.gov.uk/government/policies/creating-stronger-and-safer-banks)