

Press release

AFME welcomes UK consultation on implementation of Basel rules

30 November 2022

Following the publication of the Prudential Regulation Authority (PRA)'s consultation paper on the UK implementation of Basel 3.1 rules today, **Caroline Liesegang, Head of Prudential Regulation and Research of the Association for Financial Markets in Europe (AFME)**, said:

"Today's consultation from the PRA is important as Basel 3.1 is the final step to implementing post-crisis reforms in the UK and is welcome by the banking industry. AFME will be responding on behalf of its members, which are the largest systemically important banks with active presence in Europe.

"AFME is pleased to see the PRA has struck a good balance in its approach to implementing the international Basel standards. It is positive that the UK regulator has sought to ensure a coordinated approach through the proposal of a 1 January 2025 deadline, which is in line with the EU's proposed timeline. It is also good to see that the proposal addresses certain UK specific issues in the implementation, a regional approach the EU has also taken to address its own requirements.

"However, while there have been a number of positive adjustments, such as the treatment of unrated corporates, this has been offset by the removal of preferential treatment elsewhere in the framework, for example, in the SME supporting factor and the increase in capital requirements for trade finance. AFME believes that risk sensitivity and preferential treatment for certain asset types should be retained as they enable banks to support the real economy at a time when the financial, corporate and retail mortgage sectors are under enormous economic strain.

"The combined effect of all these changes will need to be carefully assessed to ensure that the overall calibration of UK regulation is appropriate."

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About AFME:

AFME (Association for Financial Markets in Europe) advocates for deep and integrated European capital markets which serve the needs of companies and investors, supporting economic growth and benefiting society. AFME is the voice of all Europe's wholesale financial markets, providing expertise across a broad range of regulatory and capital markets issues. AFME aims to act as a bridge between market participants and policy makers across Europe, drawing on its strong and long-standing relationships, its technical

knowledge and fact-based work. Its members comprise pan-EU and global banks as well as key regional banks, brokers, law firms, investors and other financial market participants. AFME participates in a global alliance with the Securities Industry and Financial Markets Association (SIFMA) in the US, and the Asia Securities Industry and Financial Markets Association (ASIFMA) through the GFMA (Global Financial Markets Association). For more information please visit the AFME website: www.afme.eu. Follow us on Twitter @AFME_EU