Press release

AFME welcomes FPC review of UK bank capital requirements

2 December 2025

The Association for Financial Markets in Europe (AFME) welcomes the Financial Policy Committee's (FPC) assessment of UK bank capital requirements, six years on from its last assessment, and plans for further review.

Caroline Liesegang, Managing Director, Head of Capital & Risk Management, said: "*The FPC's updated assessment of UK bank capital requirements is a timely step, coming six years after the last comprehensive review. Given the UK's role as a leading global financial centre, it is essential that key aspects of international capital standards are aligned across major jurisdictions and that capital requirements remain sufficient to support a robust and credible regulatory framework, while also enabling economic growth.*

We are pleased to see the FPC recognise that risks in the banking sector have decreased through its revised assessment of the appropriate benchmark for the system-wide level of Tier 1 capital requirements. We welcome the further review planned, particularly in relation to the leverage ratio framework, to ensure capital buffers are useable, and to assess the interactions of requirements. We encourage the FPC and the PRA to take an ambitious approach in considering possible changes. While key aspects of the capital requirements framework remain appropriate – such as the treatment of central bank reserves in the leverage ratio – ensuring appropriate calibration will support international alignment and reflect the significant enhancements made to the banking regulatory framework since the FPC's previous assessment in 2019."

AFME will review the FPC's analysis in detail and looks forward to contributing evidence to inform the FPC and PRA's next steps.

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Notes:

1. The Association for Financial Markets in Europe (AFME) is the voice of the leading banks in Europe's financial markets, providing expertise across a broad range of regulatory and capital markets issues. We represent over 150 leading global and European banks and other significant market players. Our members play a vital role in Europe's financial ecosystem, underwriting around 90% of European corporate and sovereign debt, and 85% of European listed equity capital issuances. Importantly, AFME members are market makers, providing liquidity, which is essential for ensuring financial markets can function efficiently. We also represent law firms and other associate members which advise market participants and support AFME's legal and regulatory initiatives. For more information please visit the AFME website: www.afme.eu

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