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PRA Announces Updates to Approach of Responsible Openness to International Banks

On 20 May 2025, the UK Prudential Regulation Authority (PRA) published a [policy statement \(PS6/25\)](#) on business conducted within branches of international banks operating in the UK, as well as its booking model expectations and liquidity reporting for such branches.

As part of this policy statement, the PRA's previous [supervisory statement \(SS5/21\)](#) has been updated with immediate effect to reflect the changes outlined below, and in line with its principle of responsible openness towards international business.

Key Updates

Branch risk appetite/subsidiary requirement: The PRA has amended its indicative threshold pursuant to which a UK branch would be required to subsidiarise by virtue of having significant retail activities. These are now set at:

- **FSCS-covered instant access deposits:** Under £130 million (increased from £100 million) of retail and small company instant access account balances covered by the Financial Services Compensation Scheme (FSCS).
- **Total instant access deposits:** Under £300 million of total retail and small company instant access account balances (both covered and not covered by the FSCS). This is a new threshold introduced by the PRA pursuant to PS6/25.
- **Number of customers:** More than 5,000 retail and small company customers with accounts that are used for transactional purposes. This is unchanged.
- **Deposit taking:** Deposit activity where the total potential liability to the FSCS in relation to covered deposits is in excess of £650 million (increased from £500 million).

The PRA has also provided scope for deposit services provided to high-net-worth individuals to be excluded (based on supervisory judgement) from the £130 million and £300 million thresholds outlined above.

Additionally, the PRA confirmed that it will look at groupwide resolution arrangements for branches and consider these when deciding whether a branch should operate as a subsidiary in the UK. It has commented that this may be beneficial for branches of global systematically important banks that are expected to have developed resolution arrangements.

Booking models and expectations: The PRA has made a number of clarifications as to the scope of its booking model expectations, clarifying that these will also apply to "UK trading banks" — *i.e.*, banks based in the UK with overseas activity. Some of the other key changes to booking model expectations include:

- The PRA has stated that it will continue to work cooperatively and collaboratively with home or other host regulators for firms to address differences in expectations across jurisdictions and to agree on mutually acceptable outcomes. Firms are still expected to comply both with the PRA's expectations and with those of other regulators, where possible.

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- The PRA has also clarified that whilst the booking model expectations are focused on the trading book, it also expects them to be applied to other activities (such as investment banking) where these pose similar risks.
- Firms are expected to notify the PRA of material booking changes as part of ongoing supervisory dialogue, with examples provided to help assess materiality (such as the proportion of an activity that is being relocated).

Liquidity reporting: The PRA had proposed changes to reporting requirements for third-country branches in PRA rules and supervisory statements to improve the collection of whole firm liquidity data — specifically, summary information on whole-firm liquidity coverage ratios and net stable funding ratios as reported to the home state supervisor through the PRA Branch Return Form. However, the PRA has made some tweaks:

- It has provided some flexibility where reporting timelines do not align between the PRA's Branch Return submission deadlines and the home state supervisor's requirements.
- It has postponed previously proposed changes to the Branch Return reporting, including relating to the reporting of deposits and whole-firm liquidity, to H1 2026. The implementation date is now 1 March 2026, with firms required to use the revised version of the Branch Return form for the first time for their data starting on 30 June 2026.

What's Next

The new policy updating SS5/21 took effect immediately on publication of the policy statement on 20 May 2025.

- Overseas branches operating in the UK will need to make sure they have included the updated indicative thresholds in their business plans.
- Both overseas branches and UK trading firms will need to test their current booking models against the refreshed PRA expectations; given the detailed nature of some of these changes, this will be an involved task. The PRA will ask firms to undertake a self-assessment on booking arrangements against the final supervisory statement most likely to be used in the annual Periodic Summary Assessment.
- Overseas branches should begin preparations to implement the revised Branch Return Form and reporting guidance, as well as monitoring their deposit levels against the revised thresholds.