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Mansion House

15 July 2025

An overview of the 'Leeds Reforms'

The choreography of Tuesday's announcements – the Chancellor's annual Mansion House speech in the City of London, on the heels of her trip up to Leeds to launch the Financial Services strategy earlier in the day – reflects the Government's determination to combine its championing of the City, with reminding voters that financial services is not all about London, that the sector creates and sustains thousands of jobs far away from the capital, as well as facilitating investment in all the different sectors and regions of the British economy. (Leeds is Reeves' constituency city, which she is trying – with some success – to get people to refer to as the "Northern Square Mile", and Tuesday's announcements as the "Leeds Reforms".)

Reeves' speech had the same upbeat, future-focused tone as the Spending Review, continuing her and Keir Starmer's attempt to move away from the more negative rhetoric of 2024. Back on Treasury turf, Reeves cut an assured figure, in stark contrast to her last big moment in the public eye, and she was grateful for the warm response in the room – even if few of the attendees would recognise her framing of these reforms as the most radical in a generation.

Much of the detail, including in areas likely to be controversial with Labour MPs like ring-fencing and ISA reform, will have to wait on yet more reviews. But the sector should be thankful, in a time of accelerating political polarisation, to have a Labour Chancellor who is determined to champion financial services and its role in driving UK growth and competitiveness, and willing to absorb a degree of political pain in doing so. There has been no shortage of voices on the left of Labour condemning the speech and announcements as a reversion to "discredited trickle-down economics", though at the moment that reaction looks more like "noises off" than anything more organised. More fundamentally, while many will agree with her that our regulatory culture is too risk-averse – and often focused on the wrong kinds of risks – trying to change that comes with real risks itself, in political terms. Regulators complain that they face an asymmetry of risk and reward: if they relax the rules and a crisis follows, they will certainly be blamed, while if growth follows, they are unlikely to be the ones who get the praise. For politicians, the scales are more balanced; and for the present government, given the fiscal straitjacket its inheritance and its own decisions have placed it in, it is perhaps not surprising if growth is deemed worth the risk. But there are obvious scenarios in which future voters' attitudes to these reforms – government-sponsored nudges away from cash savings and into equities, or changes to ring-fencing or capital requirements, if indeed they come to pass, or even relaxation of mortgage requirements – could turn decidedly sour. Reeves is famously not the cavalier, swashbuckling type of politician: she will have thought carefully about these scenarios, and the sector should acknowledge the personal capital she is investing in deciding to press on, even if they believe she should be going further and faster.

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Analysis

Big Bang or a whimper? Ask the Parliamentary Labour Party – Dave Eaton

Leeds may be 222 miles from Edinburgh, but how different are their eponymous financial services reforms packages?

Rachel Reeves can't avoid naming her big bang 4.0 (or is it 5.0?) financial services reforms, for ease of media and industry reference if nothing else. "Leeds Reforms" slips off the tongue much easier than "the second Mansion House package" and avoids confusion with May's Mansion House Accord. Naming the reforms after another of the UK's financial hubs does, however, invite comparison to the Conservative's 2022 Edinburgh Reforms.

Announcing those reforms, Chancellor Jeremy Hunt committed to securing "the UK's status as one of the most open, dynamic and competitive financial services hubs in the world". In the intervening period, the UK's IPO draught has worsened, the proportion of consumers with a relatively high-risk appetite holding over £10,000 in cash has increased and regulatory uncertainty has led to the Supreme Court deciding the fate of the motor finance sector.

The Edinburgh Reforms were compiled in much the same way contestants used to compete in Supermarket Sweep: get as much off the shelf and into your basket as you can, i.e., anything the Treasury or the regulators were working on can be accelerated or delayed so you can put them in your reform package basket. If needs be, you can also re-announce initiatives to aid the coherence of your measures.

The eagle-eyed may have noticed that some of today's announcements look familiar:

- Targeted support was first mooted in a 2023 AGBR Discussion Paper and proposals were published last month
- Today's announcement to review consumer investment disclosures are a reference to the FCA's Consumer Composite Investment Review, ongoing since December 2024
- Reforms to SMCR were first announced in the Edinburgh Reforms. The first PRA/FCA Discussion Paper was published in March 2023 and they were referenced again at last year's Mansion House

Whether rebranded or reannounced, the Leeds Reforms do nonetheless look to boost growth through mobilising capital (via measures like targeted support, changing the MREL threshold and including LTAFs in stocks and shares ISAs), support the international competitiveness of the UK as a regulatory jurisdiction (by setting out a digital markets plan, launching a ring fencing review and removing the Certification Regime), and provide confidence in both the UK's commitment to growth sectors and regulatory consistency (through the publication of a dedicated FS industrial strategy, subordinating FOS to the FCA and reviewing the applicability of the Consumer Duty to wholesale relationships). However, when debating how to "regulate for growth, not just for risk", we need to remember that covers not just investment risk, but political risk.

At its last Treasury Committee accountability hearing, the FCA was asked "Are you worried you'll get the blame?" if consumers suffer loss as a result of reforms to regulate for growth. It's the FCA's fear that the political cover it has enjoyed from government won't survive contact with a consumer redress event that led CEO Nikhil Rathi to call on the Government to introduce "failure metrics" to cover things like home repossessions arising from mortgage affordability reforms.

Whether it's home repossessions or consumers losing money through investments they made as a result of targeted support, simplified advice or simply the persuasion of the new government-backed retail investment campaign, the risk is less one of regulatory clarity and more political sustainability. It's one thing if a single constituent writes to a backbench MP to complain about loss: their office can direct them to the FCA who can explain that this is a natural consequence of the reintroduction of "informed risk-taking".

But if 100 constituents form a support group and say they're dissatisfied with a government or regulatory response, it's harder to rebuff their requests for representation and support. If MPs across the country start receiving letters from a 100,000+ redress campaign alleging regulatory failure, coordinated by a consumer group or media outlet, it's harder for the EST to rebuff her backbenchers, too.

We've seen what happens when backbenchers mobilise. The welfare reform rebellion may have affected the Chancellor's fiscal headroom, but misgivings among the sizable number of Labour MPs either formed affiliated or informally aligned to the mutuals movement look to have seen off the controversial ISA Review. The Government may reply that industry is more supportive of the carrot of a "Tell Sid 2.0", before the stick of tax reforms. That may be true, but the Parliamentary Labour Party has once again shown it has more sway over Treasury policy than Rachel Reeves may have imagined a year ago.

Finally, on continued supply-side reforms to revitalise the UK's capital markets, sceptics may question whether anything can be done to counter the gravitational pull of US valuations and the depth of their capital markets, or the rise of private finance (particularly given the obligations placed on public companies).

And as the Government has repeatedly seen since the Chancellor's last Mansion House speech, the regulators are more than happy to highlight tax policy as a deciding factor when it comes to listings, and a factor that sits firmly with government. With speculation growing that the UK's financial services industry may fall victim to the Chancellor's diminishing fiscal headroom come the Budget and the lack of an FS tax roadmap, the regulators may not have to do much to deflect blame for the UK's capital market woes. And with forthcoming decisions on special educational needs support and the two-child benefit cap, the Chancellor may well prefer to walk from Edinburgh to Leeds and back again before trying to persuade Labour MPs to reform the tax system.

Dave Eaton
Head of Financial Services Policy

A new ‘10-Year Strategy’

The UK Government has introduced a comprehensive 10-year strategy to position the UK as a top global destination for financial services firms to invest, innovate, and expand both domestically and internationally.

The UK Government’s new 10-year Financial Services strategy is explicitly tied to its modern Industrial Strategy. In fact, financial services is one of the eight “growth-driving” priority sectors the Government has identified Reflecting this status, the strategy – published in mid-2025 – aims to cement the UK as the “global location of choice” for financial firms. It spans the whole sector (from wholesale markets to consumer banking) and stresses innovation, digitalisation and emerging technologies like AI. At its core are five “pillars” of reform, focused on:

- Delivering a competitive regulatory environment
- Harnessing the UK’s global leadership in financial services
- Embracing innovation and leveraging the UK’s fintech leadership
- Building a retail investment culture and delivering prosperity through UK capital markets
- Setting the UK’s financial services sector up with the skills and talent it needs

A core theme is strong government–industry collaboration. For example, HM Treasury has launched a public consultation (open until 9 September 2025) on cross-cutting regulatory reforms designed to make supervision “effective, proportionate and in line with the Government’s ambition on regulation”. Unveiled by Chancellor Rachel Reeves at her July Mansion House speech, the package signals a clear proinvestment, progrowth bias. Reeves has explicitly pledged to ease regulation and unlock investment in the sector describing the reforms as the most “wideranging in a decade” for financial services. The Government also commits to working “closely with regulators and industry to implement the reforms, ensuring that growth ambitions are aligned with investor protection”. The key question now is whether regulators will translate this growthfocused agenda into action.

The spotlight is on retail investment

It's rare that a Chancellor's Mansion House speech reaches the mainstream news, but there was one key message that had cut-through: we need to get ordinary savers investing to boost the economy.

The aim of Tuesday's announcements is to equip people with the support they need to invest and grow their savings while allowing firms to better direct investment opportunities to savers.

The Leeds Reforms, like the Edinburgh Reforms before, have been billed as the largest shake-up of financial regulation in a decade / a generation, and retail investment is an area where the success of these reforms will best be measurable.

There won't be open hostility to the retail investment bucket of the Mansion House package – industry has successfully seen off some of the proposals against which the objections were strongest, such as cuts to the cash ISA limit – but there will be scepticism that the Leeds Reforms really deliver the Big Bang-style moment necessary for a retail investment revolution.

Interest will be piqued by the prospect of a new 'Tell Sid' campaign to help explain to consumers the benefits of investing but, despite the heavy hitters set to be involved in the campaign, the question remains over whether it will be enough in isolation to shift the dial on retail investment.

Despite months of speculation surrounding the future of ISAs, and after the Chancellor's late decision to abandon plans to slash the cash ISA allowance, the Leeds Reforms delivered no movement at all on ISA reform – not even a consultation to gather views on the potential options available. The one reference was to the decision to move LTAFs to stocks and shares ISAs from April 2026.

The FCA's new regime of 'targeted support' has the potential to be genuinely transformational, allowing firms to alert customers about specific investment opportunities to consider shifting money from a low-return current accounts to higher-performing stocks and shares investments. The Treasury has now published the necessary statutory instrument to enable its implementation, ahead of the roll out in April next year.

The Growth and Competitiveness Strategy emits some grand rhetoric on the potential impact of savers getting more involved in the investment system, but a more coherent narrative and policy architecture will be required to secure enthusiastic buy-in from industry.

Wholesale markets reforms

The launch of the Growth and Competitiveness Strategy contains a broad package of wholesale market reforms intended to strengthen UK markets and drive economic growth.

In its vision, the Government and FCA explicitly describe an ideal UK wholesale market as one that "supports both the domestic economy and growth" and is "open to innovation", by targeting sectors like insurance, investment management and sustainable finance as engines of growth. For example, the insurance sector measures aim to deepen risk capacity and innovation: HMT is consulting on a more flexible "risk transformation" regime for insurance-linked securities to allow insurers to transfer risk into capital markets more easily. Similarly, a new competitive framework for captive insurance is being introduced – expected to "enhance the international competitiveness" of UK insurers and "support economic growth". Together these are designed to boost capacity and capital for underwriting large risks, with the hope of making the UK "the most attractive place" for insurance and reinsurance.

The reforms look to harness international growth opportunities: strengthening ties with advanced and emerging economies (EU, US, China, India and the Gulf), and rolling out Overseas Recognition Regimes to ease crossborder financial services. The long-awaited concierge service called for by the City of London will operationalise out of the Office for Investment to help overseas firms navigate UK regulations. These moves aim to attract foreign capital and business into the UK wholesale markets, in line with the Strategy's goal of deepening global connectivity and market openness.

On the regulatory front, the emphasis is on cutting delays and red tape. The FCA and PRA must now meet much shorter deadlines for new firm authorisations and senior manager approvals. A streamlined startup authorisation regime is promised for high-growth firms. The Strategy heralds "the most significant reform" of the Financial Ombudsman Service to improve predictability, and a review of the Consumer Duty only a year after its full implementation for all products, in a bid to avoid onesizefits-all rules on wholesale firms. The Senior Managers & Certification Regime will be pared back to reduce compliance burdens while in banking, capital rules will be tweaked for growth: the MREL threshold rises, Basel 3.1 is phased in by 2027–28, and ringfencing is being reviewed for greater flexibility.

The package also lays claim to progress on green finance. Reiterating the UK's ambition to be "a global leader in sustainable finance", updates on sustainability reporting standards, measures to grow transition finance and voluntary carbon/nature markets, and tighter rules on ESG ratings are not new. What is new is the revelation that the Government will not pursue a UK Green Taxonomy, focusing instead on higher-priority policies.

In sum, the strategy's wholesale markets reforms – from faster approvals and lighter conduct rules to enhanced international engagement – are explicitly framed as growth measures. By making it easier and more attractive to raise capital, innovate and expand internationally, these reforms aim to underpin the UK's stated growth mission of a more dynamic, outwardlooking financial sector.

Digitisation reforms in wholesale markets

The UK Government has unveiled its Wholesale Financial Markets Digital Strategy, a comprehensive roadmap to modernise the infrastructure underpinning the country's capital markets.

This effort follows the final report of the Digitisation Taskforce, chaired by Sir Douglas Flint, which called for the elimination of paper share certificates and reform of the intermediated share ownership system. At the core of the strategy is a commitment to replace outdated, manual processes with interoperable, tech-driven solutions that enhance efficiency, reduce operational risk, and ensure the UK's market infrastructure remains globally competitive. Key priorities include digitising paper shares, automating securities settlement (with a shift to T+1 settlement by 2027), and advancing frameworks for smart data and digital identity.

The Strategy focuses on the three pillars of market optimisation, transformation, and leadership—underpinned by the deployment of cutting-edge technologies such as distributed ledger technology (DLT), artificial intelligence, and quantum computing. Flagship initiatives like the Digital Gilt Instrument (DIGIT) and the Digital Securities Sandbox (DSS) will support innovation and regulatory experimentation, positioning the UK at the forefront of digital finance. Recognising the need for coordinated action, the government will appoint a Digital Markets Champion and establish cross-sector working groups to drive implementation. Together, these measures signal a fundamental shift in how UK capital markets function, as the Government seeks to future-proof the sector and establish global leadership in digital market infrastructure.

Policy grid

Policy	Summary	Next Steps
Financial Services Growth and Competitiveness Strategy	The Government's Financial Services Growth and Competitiveness Strategy sets out the ten-year plan to position the UK as a global location of choice for financial services firms to 'invest, innovate, grow and sell their services throughout the UK and to the world'. Five core pillars guide the strategy: regulation, global leadership, innovation, investment culture, and skills.	The Government are consulting on ensuring the financial services regulatory regime is 'effective, proportionate, and in line with the government's ambition on regulation'. The consultation is open until 9 September 2025.
FS Sector Strategy: Review of the Financial Ombudsman Service	Following HM Treasury's review into the FOS, it is now consulting on a package of reforms to the legislative framework that the FOS sits within, designed to ensure it performs its role as a simple, impartial dispute resolution service. The Government intends the reforms to provide greater simplicity for firms and consumers interacting with the FOS.	The consultation will close on 8 October 2025.
Modernising the redress system	The FCA and the FOS's joint consultation on modernising the redress system proposes changes that complement those from the Government and intend to help firms identify and resolve issues before complaints escalate. They are designed to give greater predictability, so businesses have the confidence to invest, innovate and support UK growth.	The consultation will close on 8 October 2025. The FCA and FOS aim to publish a Policy Statement in H1 2026, confirming the changes they have decided to make and the implementation periods.
Consultation: Reforming the Senior Managers & Certification Regime	The aim of the package of measures set out in this consultation is to enable regulators to radically streamline the SM&CR, with the overall ambition of reducing its regulatory burdens by 50%. The consultation highlights the need for proportionality in order to maintain the UK's "world-class reputation in financial services regulation".	The consultation will close on 7 October 2025.

Policy grid

Policy	Summary	Next Steps
CP25/21: Senior Managers & Certification Regime review & Review of the Senior Managers and Certification Regime (SM&CR)	The FCA and the PRA consultations propose a first phase of reforms that can be delivered without legislative change. These proposals aim to make the regime more flexible and less burdensome, for example by increasing flexibility under the 12-week rule, which allows firms to make interim appointments of senior managers.	The consultations will close on 7 October 2025. In Phase 2 of the reforms, the FCA and PRA will look to respond to legislative changes to the regime and explore how they will take forward the flexibilities proposed to reduce the number of pre-approvals and the number of roles included in the regime.
Digitisation Taskforce - July 2025	The final report by the Taskforce recommends a staged approach to remove paper share certificates and moving to a fully intermediated system of shareholders in the UK. The Government has accepted these recommendations.	Over the course of this Parliament, the Government, regulators and the Technical Group will work to improve the intermediated system to ensure that shareholders can exercise their rights effectively and efficiently through intermediaries.
Wholesale Financial Markets Digital Strategy	The Digital Strategy outlines a transformation agenda aimed at modernising the infrastructure underpinning the UK's capital markets. The Strategy will be delivered through three broad areas: market optimisation, market transformation, and market leadership. The Government has committed to drive the digitisation of paper shares, automate core functions like securities settlement (moving to T+1 by 2027), and promote industry-wide adoption of smart data and digital identity frameworks.	The next day (T+1) securities settlement cycle will be introduced from October 2027. In addition, an industry expert will be appointed as Digital Markets Champion in the autumn, who will provide leadership from, and for, the sector on wholesale market digitalisation.
Digital Gilt Instrument (DIGIT) Pilot Update	The Government intends to work with the financial services sector to further develop the Digital Gilt Instrument (DIGIT), focusing on features such as collateral mobility, DLT-based listings, and secondary market development.	The Government will publish further details on the DIGIT Pilot as a part of the next phase of the procurement process over the summer with a view to appointing suppliers later this year.
Captive insurance	In the consultation response, the Government stated it will support the PRA and FCA in consulting on and introducing a comprehensive framework tailored specifically for captive insurers. The Government does not intend to create a bespoke regulatory framework for captive managers, as it considers that the existing regulatory framework for insurance intermediaries is sufficient.	The PRA intends to consult on new rules in summer 2026, with a view to implementing the new framework in mid-2027.

Policy grid

Policy	Summary	Next Steps
Targeted Support	The Government and the FCA are progressing plans for a new 'targeted support' regime, enabling firms to assist groups of consumers with shared needs without giving regulated financial advice. The Government intends to create a clear distinction between targeted support and 'advising on investments', without developing an overly prescriptive or burdensome approach to the information firms are required to give to customers when providing targeted support.	The Government welcomes any comments on the draft statutory instrument by 29 August. Subject to this feedback, the Treasury intends to lay a final statutory instrument in 2025, when parliamentary time allows. The FCA's consultation on the targeted support regime closes on 29 August.
UK Green Taxonomy	The Government has determined that a UK Taxonomy should not be part of the UK's sustainable finance framework. Ultimately, the Government has decided not to risk diverting energy from other activities that are more likely to drive growth to pursue this policy what would be a time-consuming and ongoing process to design and maintain.	The Government will now focus on other policies deemed higher priorities to accelerate investment into the transition to net zero and limit greenwashing.
Financial Services Overseas, Recognition Regimes Overseas Recognition Regimes Guidance Document & Memorandum of Understanding: Overseas Recognition Regime	The guidance document published today sets out the Government's approach to designating overseas jurisdictions under Overseas Recognition Regimes (ORR). ORR guidance aims to provide stable arrangements for financial services firms to plan long-term activities in alignment with UK and overseas jurisdiction's regulatory frameworks. The document provides detailed information on the assessment process, advice, and how the Treasury will approach the ORR to support the safe openness of the UK's financial services sector and facilitate cross-border financial services.	The Treasury and UK regulators will continue to monitor changes in ORR based on risk posed to the UK. The Treasury will maintain ongoing engagement with overseas jurisdictions to discuss essential changes to Regime designations.
The Berne Financial Services Agreement (BFSA)	The BFSA seeks to enhance cross-border financial services for wholesale and sophisticated clients and strengthen UK-Swiss cooperation. Officials discussed industry feedback on the BFSA and reiterated their support for realising its benefits. Progress was also made on negotiating a Memorandum of Understanding (MoU) for supervisory cooperation under the BFSA. the deal between Switzerland and the U.K. aims to ease the flow of business through the "mutual recognition" of financial rules.	The Berne Financial Services Agreement will be fully implemented by the end of this year, with firms able to start registering to use it from 1st January 2026. To bring the agreement into domestic law, the government will lay two statutory instruments in Parliament this month.

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