

## Prudential Regulation Authority Authorisations Performance Report 2022/23: Accompanying Information

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This note provides accompanying information for the first enhanced Authorisations Performance Report published in May 2023, covering the period 1 March 2022 to 28 February 2023.

<https://www.bankofengland.co.uk/-/media/boe/files/prudential-regulation/publication/2023/pr-a-authorisations-performance-report-q4-2022-2023.pdf>

Since its inception, the PRA has reported annually on its performance in handling a range of regulatory transactions including the authorisation of new firms, variations of permissions, cancellations, and approvals under the Senior Managers' Regime.<sup>1</sup>

Performance is measured against statutory transaction determination timeframes, as set out in relevant legislation.

As set out by Sam Woods in December 2022,<sup>2</sup> in order to improve transparency around the operational effectiveness of the PRA and the contribution this makes to UK competitiveness, the PRA has enhanced the metrics previously published as follows:

- increased frequency of reporting;
- additional information on the time taken to determine cases; and
- breaking down metrics by type of firm.

This note accompanies the first enhanced report for the period 1 March 2022 to 28 February 2023. Future reports will be published quarterly, within one month of the

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<sup>1</sup> <https://www.bankofengland.co.uk/prudential-regulation/authorisations>

<sup>2</sup> <https://www.gov.uk/government/publications/correspondence-on-regulatory-operational-effectiveness>

quarter close, on the main PRA Authorisations web page.<sup>3</sup> The next publication is due at the end of June (for the 1 March 2023 to 31 May 2023 period).

The PRA will provide data on a quarterly and year-to-date basis. Figures are reported collectively for all firms and broken down between deposit-takers and insurers. However, for data points where such a breakdown results in a low volume of cases, time to determination will be withheld for confidentiality purposes. The median time to determination will only be shown where there are three or more transactions being reported, and the lower / upper quartile determination figures will only be included where there are nine or more transactions being reported.

All cases where the PRA is the lead decision-making authority are included within the PRA's report, including those which require FCA's consent to approve. The FCA's report includes cases for dual regulated firms where the FCA is the lead / only decision-making authority (e.g. conduct-related senior manager functions).<sup>4</sup>

The PRA will use traffic-light colour coding to show where 98% or more of cases are determined within the deadline (green), 90% (amber) or less than 90% (red). These thresholds are used to assist interpretation and are set by PRA, not in legislation.

In a small number of cases additional time may be needed for good reasons. For example, applicants sometimes modify an application following feedback, requiring further assessment, or request a delay to a decision to allow them to conclude a capital raising exercise. Other examples that could cause a decision on a transaction to exceed the statutory deadline include where there are ongoing investigations or enforcement actions relating to a firm or individual.

The quarterly Authorisations performance report will not include commentary on performance levels or transactions showing as red, given that such outcomes may be driven by the confidential details of a small number of cases. The PRA will continue to provide accountability for overall performance through the Annual Report.

### **Update on Senior Managers Regime case handling**

The May report shows that a significant proportion of Senior Managers Regime (SMR) applications through 2022/23 were not determined within three months. During 2022/23 the PRA has continued to work closely with FCA counterparts to implement a series of initiatives designed to accelerate the pace of case closures and improve compliance with determination deadlines. Whilst these changes have taken time to have full effect,

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<sup>3</sup> <https://www.bankofengland.co.uk/prudential-regulation/authorisations>

<sup>4</sup> <https://www.fca.org.uk/data/authorisations-operating-service-metrics-2022-23-q4>

significant progress has been made. However, this is not yet visible in the data published, which only covers up to end-February 2023.

The final quarter of the reporting period saw a 26% increase in the number of SMR cases closed, compared to the average over the first three quarters of the year. Priority was given to closing old cases, so cases outside the statutory service standard of three months continued to represent a significant proportion of closures.

The number of open SMR cases over three months old has reduced by 90%, from a peak of 115 in September 2022 to 12 as of 12 May 2023. The number of total open SMR cases has reduced by 40%, from a peak of 475 open cases in October 2022 to 287 as of 12 May 2023.

The PRA is therefore now reliably closing SMR cases within the three-month target. The next performance report covering March-May will demonstrate this positive trend, although the closure of a large number of old cases during this period will mean that the reported metric will still show as below target.