



Sub-Committee on Financial Services Regulations

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Sam Woods
Deputy Governor for Prudential Regulation
Prudential Regulation Authority

Via email

28 October 2022

Dear Sam,

CP8/22 - Remuneration: Unvested pay, Material Risk Takers and public appointments

The Treasury Committee Sub-Committee on Financial Services Regulations recently met to discuss the PRA's consultation on 'Remuneration: Unvested pay, Material Risk Takers and public appointments' (CP8/22).

The Sub-Committee would be grateful for answers to the following questions:

1. What is the PRA's rationale for the proposed changes? Has the PRA identified a significant number of Material Risk Takers who have been prevented from entering public sector employment under the current remuneration rules?
2. How does the PRA intend to define a "senior public-sector appointment linked to financial policy or financial services regulation" for the purposes of these rules? Does it relate only to roles at the Treasury and financial service regulators or more broadly?
3. Does the PRA anticipate individuals seeking short periods of employment in the public sector for the primary purpose of converting their variable pay?
4. Will malus and clawback provisions continue to create a conflict of interest for former Material Risk Takers in public-sector roles even after these proposals take effect?

In line with the Committee's usual practice, I will be placing this letter and your response in the public domain. I would be grateful for a reply to this letter by 11 November.

Yours sincerely,

Dame Angela Eagle MP
Interim Chair of the Treasury Sub-Committee on Financial Services Regulations