Financial Services Strategy
HM Treasury
1 Horse Guards Road
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By email: FSRegulatoryEnvironment@hmtreasury.gov.uk

9 September 2025

Dear Financial Services Strategy Team,

RE: Regulatory Environment – Cross-Cutting Reforms

The British Private Equity and Venture Capital Association (BVCA) is the industry body and public policy advocate for the private capital industry in the UK. With a membership of around 600 firms, we represent UK-based venture capital, private equity and private credit firms, as well as their professional advisers and investors.

The BVCA welcomes the opportunity to respond to this consultation. We strongly support the Government's objective of delivering a more agile, efficient and internationally competitive regulatory framework, as one that promotes innovation, improves speed to market, and supports the UK's long-term economic growth.

A competitive regulatory environment in the UK matters not just for private capital and the wider financial services industry, but also for investment across the UK economy. Private capital is global capital, with more than 80% of the funds raised by UK private capital firms in 2024 sourced from overseas. This is raised from institutional investors around the world and invested in businesses with the greatest potential to grow and scale. The UK's ability to attract and deploy that capital depends on the quality of its regulatory regime. Speed, predictability, proportionality and clarity are all critical to investment decisions, especially as other jurisdictions continue to improve their regimes to capture global capital flows.

Private capital already plays a central role in supporting the UK economy. In 2024, UK private capital firms raised £33.1 billion. Historically, around half of all capital raised by these firms is invested domestically, making UK private capital an important partner for economic growth. In 2025, the industry supports 12,900 companies, contributes £199 billion to GDP (equivalent to 7% of national output) and generates £117 billion of that contribution outside London, reinforcing its importance to the government's ambitions for regional growth and innovation.

Our members invest across the entire business lifecycle, from university spinouts and high-growth start-ups to established SMEs and world-leading businesses. Many of the regulatory frictions that affect the ability of private capital firms to raise and deploy capital in the UK were highlighted in our 2022 response to the FCA's Review of the UK Fund Regime, and we are pleased to see the government now taking forward a number of those issues through this consultation.

This submission sets out our views on the proposals, informed by the practical experience of our members and by our shared interest in ensuring the UK remains one of the most attractive and effective places in the world to establish private capital firms, raise funds, and invest.

Q1: Do you agree with government's proposals to prioritise shortening the statutory deadlines for new firm authorisations, variation of permissions, and senior manager authorisations?

Yes, we strongly agree with the government's proposals to shorten these statutory deadlines. As we noted in our response to the FCA's Review of the UK Fund Regime in 2022, delays in authorisation, case allocation, and processing create unnecessary friction in the UK's regulatory environment. These delays undermine competitiveness and reduce the attractiveness of the UK as a place to establish and grow private capital firms and invest global capital in UK businesses.

We welcome the government's intention to implement more ambitious and clearly defined deadlines. Faster authorisation timelines are particularly important for private capital firms for whom speed to market is critical when launching new funds, structuring co-investment opportunities, or responding to market developments. We have previously called for these processes to be shortened, and we welcome the fact that HM Treasury's current proposals reflect some of those initial recommendations. We also welcome and will be responding to the separate HMT and FCA consultations on more fundamental SMCR reforms.

We support the government's April 2025 proposals to abolish the requirement for UK Alternative Investment Fund Managers to wait 20 working days prior to marketing new Alternative Investment Funds (AIFs). The ability to bring products to market quickly is an important factor when private capital firms and investors are choosing between jurisdictions and the current UK system creates a disincentive to raise and deploy capital from the UK. We also support the proposal to remove the requirement for firms to submit filings to the FCA in relation to the acquisition of non-listed companies. We understand that this information is not in practice used by the FCA. We therefore recommend that the FCA issue immediate regulatory forbearance in respect of these obligations, so as to deliver early and tangible reduction in burden and costs for firms and to facilitate a reallocation of resource at the regulator

In addition, we urge the government and the FCA to revisit the approach to change in control notifications, particularly where investments are being made in portfolio companies that hold low-risk regulatory permissions such as consumer credit or insurance intermediation licences. These permissions are often incidental to the core business and yet trigger the same regulatory process as acquisitions of large financial institutions. This is disproportionate and causes delays and may even deter some investment. We recommend a more streamlined, risk-based approach for these cases, potentially including a deemed approval route or differentiated treatment for low-risk transactions (see response to Q2 for more information).

Q2: Do you agree with the proposed new statutory deadlines for various applications set out in the tables above?

Yes, we support the proposed new statutory deadlines for firm authorisations, variations of permission, and SMCR approvals. These reforms represent a welcome and necessary shift towards a more timely and responsive regulatory framework. They respond directly to long-standing industry concerns about speed to market and regulatory predictability, as raised in our 2022 response to the FCA's Review of the UK Fund Regime. If implemented effectively, they should reduce unnecessary delays, improve certainty for firms, and enhance the UK's appeal as a jurisdiction in which to establish and grow private capital firms and invest in UK businesses.

To meet the proposed deadlines in practice, we recognise that the FCA may need to strengthen its operational capacity and modernise aspects of its approach. This could involve increasing resourcing by appointing more case workers to assess applications and notifications, helping to bring down processing times. Allocating dedicated case officers to specific sectors could also improve institutional knowledge and speed up reviews by building familiarity with business models and common application types.

In parallel, there is significant potential to automate routine, low-risk processes, particularly where applications could be processed on a 'deemed consent' basis. Automation would free up regulatory resource to focus on higher-risk or more complex cases, while also improving turnaround times for firms. Forms and templates should be streamlined and, where possible, pre-populated with data the FCA already holds, to reduce duplication and the burden on applicants.

More broadly, proportionality should guide the simplification of certain regulatory processes. For example, many private capital firms invest in businesses that hold low-risk regulatory permissions (such as consumer credit or insurance intermediation licences) which are ancillary to their core activities. This includes companies like dental chains, caravan park operators, and online car rental platforms. When such investments involve acquiring or increasing control in a regulated entity, Part 12 of FSMA requires that the proposed controller notify the FCA. Under section 178 FSMA, this prior approval must be sought before the transaction is completed. Proceeding before formal approval is a criminal offence.

While the requirement to notify is well understood and appropriate in many cases, the current approval process applies uniformly, regardless of the size and nature of the authorised entity or the risk posed by the change in control. In these cases, the change in control notification process is both time-consuming and disproportionate. sometimes taking over six weeks, despite posing little to no prudential or conduct risk to the regulatory system. This creates unnecessary friction and disrupts the flow of investment capital into UK businesses with regulatory permissions. We recommend that the government and regulators simplify the legal framework and adopt a more risk-based and proportionate approach to the notification and approval process for businesses that hold low-risk regulatory permissions. Our members report that applications have sped up during 2025, which is welcome and may indicate that the FCA is already taking steps to achieve this.

As set out in our response to Question 1, we also strongly encourage the government to extend its proposed deadline reforms to include the FCA's processing of AIF registrations and amendments. These are critical regulatory steps for fund launches and ongoing operations, and shortening the timelines would enhance the UK's attractiveness as a location for private capital and other types of alternative funds.

We also look forward to seeing the FCA reporting against the new non-statutory performance targets in early 2026. In particular, we welcome the target to process variation of permission applications more quickly where the permissions sought are closely aligned with a firm's existing business model, which should help to reduce unnecessary delays in low-risk cases. Similarly, the commitment to a 35-day median processing time for SMCR approved person applications is a positive step that will help to improve planning certainty for firms and ensure senior individuals can take up their roles more quickly. Together, these performance targets have the potential to enhance the UK's regulatory efficiency and competitiveness.

Q3: Do you agree with the government's proposal to require the regulators to produce long-term strategies?

Yes, we support the government's proposal to require the FCA and PRA to publish long-term strategies that set out how they will deliver on their statutory objectives over a multi-year horizon, including the new secondary objective to promote growth and international competitiveness.

For private capital firms, long-term strategic visibility is especially important given the long-dated nature of private capital funds and investment horizons. A clearly articulated multi-year strategy would help firms better plan for regulatory change, respond to evolving expectations, and support innovation.

We are also supportive of the FCA's recent decision to move from a three-year to a five-year strategy. This aligns well with the government's proposals and reflects a positive shift towards longer-term thinking and greater continuity in regulatory direction.

We welcome the government's intention that these strategies should be linked to remit letters, reflect international developments, and focus on implementation as well as rulemaking. It is also essential that they

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provide a clear and measurable framework for how regulators will operationalise their new competitiveness objective, including through resourcing, process reform, and prioritisation of market-facing activity.

This reform also has the potential to support stronger Parliamentary and public accountability by giving stakeholders a clearer basis for evaluating regulatory performance and priorities over time.

As the trade association representing private capital firms investing across a wide range of sectors and stages, including early-stage and high-growth businesses, we would also be keen to hear more about the government's plans for streamlined authorisation conditions for innovative start-ups. We welcome the proposal in principle and would be very happy to engage with HM Treasury and the regulators on its development. We would also be pleased to involve our membership in this work where helpful or appropriate, given its direct relevance to both portfolio companies and emerging fund managers backing innovation across the UK economy.

Q4: Do you agree with the government's proposal to streamline the requirement to have regard to the regulatory principles and remit letter by linking this to the regulators' long-term strategy?

We agree with the aim of reducing unnecessary procedural burden on the regulators, in the same way that we consistently advocate for the removal of unnecessary regulatory process, cost and burden imposed on our members and other regulated firms. Streamlining requirements that are disproportionate is essential to maintaining a competitive and effective regime. On that basis, we support the government's proposal in principle, provided that the regulatory principles remain embedded in how the FCA and PRA operate, and that adequate assurance and accountability mechanisms are in place.

It is essential that the regulatory principles set out in section 3B of FSMA 2000 (such as proportionality, transparency, efficient use of resources, sustainable growth, and recognition of differences in business models) continue to guide the regulators' approach in practice. These principles are fundamental to sound regulatory decision-making and should remain central to the design and delivery of regulatory policy and supervision.

We recognise that the current requirement to have regard to each principle on a decision-by-decision basis can create unnecessary formality and administrative duplication. In that context, embedding the principles into the long-term strategy offers a more meaningful and outcome-focused way to ensure they are applied consistently and with genuine effect. What matters is not the repetition of procedural checks, but that the principles inform regulatory culture, judgement and prioritisation on an ongoing basis.

However, for this approach to be credible, the long-term strategies must be accompanied by clear and transparent documentation of how the principles have been considered and how they will be reflected in the regulators' activities over time. Parliament, industry and the public must be able to assess whether the regulators are aligning with these principles not only in strategic planning, but also in operational delivery.

We also note that the FCA has only recently finalised and published its five-year strategy running to 2030. If the government intends to legislate to embed the requirement to have regard to the regulatory principles and remit letters into long-term strategic planning, careful consideration will be needed as to how and when the FCA would be expected to revisit or revise that strategy. Without such clarity, there is a risk that these reforms would have limited near-term practical effect or require the FCA to undertake a premature and resource-intensive update.

Q5: What published documents from the PRA or FCA do you find most helpful? What information do you consider most important?

The most important publications from the FCA are those indicating clearly to the industry the current areas of regulatory concern and focus for the FCA. Until recently, the FCA's portfolio letters have performed this role.

The FCA has indicated that it will replace these letters with a new "market report". We hope that this will be as informative for the industry.

We find a number of other FCA publications to be useful in supporting engagement and providing transparency. The most valuable include the FCA's quarterly authorisations data, the annual perimeter report, and the business plans and strategies, which help set forward-looking priorities and identify emerging areas of policy development. The Regulatory Initiatives Grid also plays a helpful role in improving visibility across the regulatory pipeline, though in practice there are often delays to announced and indicative publication schedules which can limit its reliability for planning purposes.

We also acknowledge and welcome the increasing volume and range of metrics now published by the FCA following the government's Measuring Success Call for Evidence in 2023. The FCA now reports a number of performance metrics on a quarterly, biannual or annual basis, covering authorisation timeframes, satisfaction surveys, data request volumes, and other indicators of operational efficiency and burden. These publications are relatively new but are generally helpful and informative and represent a positive step forward in providing objective data on how the regulators are delivering against their objectives, particularly the new secondary objectives relating to growth and international competitiveness.

In addition to outputs, it is important that reporting also helps stakeholders assess outcomes. The most useful information will be that which allows firms and stakeholders to understand not just what the regulators are doing, but how their actions are contributing to a more efficient, proportionate and internationally attractive regulatory environment.

If you have any questions or there are points it would be helpful to discuss further, please contact Nick Chipperfield (nchipperfield@bvca.co.uk) and Tom Taylor (ttaylor@bvca.co.uk).

Yours faithfully,

Tim Lewis
Chair, BVCA Regulatory Committee