

# Chancellor cuts red tape and axes EU rules in UK banking overhaul

The [Government](#) has launched a raft of major reforms to the financial sector to replace EU regulation and cut red tape.

Chancellor [Jeremy Hunt](#) said the so-called “Edinburgh Reforms” will seize on “[Brexit](#) freedoms” to overhaul banking rules, with changes including a review of accountability rules for bankers and easing capital requirements for smaller lenders.

The package is made up of more than 30 regulatory reforms which Mr Hunt claims will “turbocharge” growth in towns and cities across the UK.

The moves will loosen banking rules introduced after the 2008 financial crisis, which saw some UK banks face potential collapse.

It comes after the [City of London](#) has seen trading with the EU impacted upon by Brexit, with Amsterdam overtaking [London](#) as Europe’s largest trading hub last year.

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On Friday, the Chancellor revealed the shake-up will include a commitment to make “substantial legislative progress” on repealing and replacing the Solvency II directive next year, which is expected to unlock more than £100 billion of private investment, according to the Treasury.

He also promised to reform the UK prospectus regime to support stock market listings and capital raises, reforming rules on real estate investment trusts and reviewing provisions on investment research in the UK.

The Chancellor said: “We are committed to securing the UK’s status as one of the most open, dynamic and competitive financial services hubs in the world.

“The Edinburgh Reforms seize on our Brexit freedoms to deliver an agile and homegrown regulatory regime that works in the interest of British people and our businesses.

“And we will go further – delivering reform of burdensome EU laws that choke off growth in other industries such as digital technology and life sciences.”

The Chancellor has also confirmed the Government will relax ringfencing rules intended to separate risky investment banking from retail operations.

Mr Hunt also said that City regulators, such as the Financial Conduct Authority (FCA), will be given a “secondary objective” to deliver growth and competitiveness, alongside ensuring stability and security for businesses and consumers.

The policy chairman at the City of London Corporation said major reform of the UK’s financial sector is something to be “excited” about.

Chris Hayward denied that the move represents a regulatory "race to the bottom".

"This is not about deregulation, this is about growth," he told BBC Radio 4's Today programme.

"We need the help of good growth and good regulation at the same time, they are two sides of the same coin.

"It's not a race to the bottom, in my view, it's a chance to actually grow our economy and I think we should be very excited about it."