



## Treasury Committee

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Thank you for your letter of 16 November 2015 in which you respond to the questions I put to you regarding the announcement in the Budget of a corporation tax surcharge and its potential impact on new banks.

I was pleased to hear that, in acting in respect of the PRA's new competition objective, you are being tough with the European Commission in your response to its consultation on the impact of CRDIV. You are right to point out that, in order to have viable new entrants to the banking sector, the rules need to be more proportionate and more likely to enable banks of different sizes and business model to compete on an equal footing across the EU, as opposed to a "one size fits all" model.

For reasons which are understood by the Committee, the PRA does not disclose the required capital ratios of individual banks. Nevertheless, it would seem desirable for you to provide an average of the required capital ratios of the incumbent banks in contrast to the new entrants. This would help Parliament and the public to quantify the competitive disadvantage under which new banks have to operate. It would also act as a tool for making progress on CRDIV with the European Commission.

I will be placing this letter, and your response, in the public domain.

**RT HON ANDREW TYRIE MP**  
**CHAIRMAN OF THE TREASURY COMMITTEE**