HOUSE OF LORDS
European Union Committee
Financial Affairs Sub-Committee

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27 March 2020

Rt Hon. Rishi Sunak MP
Chancellor of the Exchequer
HM Treasury
1 Horse Guards Road
London SW1A 0HQ

Dear Chancellor,

Before the ongoing COVID-19 pandemic, the EU Financial Affairs Sub-Committee conducted a review on financial services after Brexit, taking evidence from a range of witnesses from across the UK's financial services sector. While I appreciate that this is not the Government's current priority, the negotiations with the EU and the future of the UK's financial services industry will be important issues in the months to come. I am therefore writing to set out the Committee's findings from that review.

The Committee's key conclusions and recommendations are:

- The EU's equivalence regime is a patchwork across financial services and its value varies from sector to sector, and from business to business. The UK is currently fully aligned with the EU across all areas of financial services regulation, so granting equivalence to the UK should not be controversial. However, there is a risk that the equivalence decisions will be politicised, influenced by the broader negotiations on the UK-EU relationship and a desire on the part of EU Member States to attract business.

- There are concerns that the EU's equivalence decisions may depend on alignment with the details of the EU rule book and that these decisions could be withdrawn at very short notice, making them difficult for businesses to rely on for their cross-border activities.

- Given the importance of the UK-EU relationship in financial services, there should be regular and structured regulatory dialogue to provide a forum for discussion and resolving any possible disagreements. There should be a phased approach to any withdrawal of equivalence decisions, with clear timelines and consultation with the industry

- Brexit provides an opportunity for the UK to take a new approach to financial regulation by delegating more powers to the regulators. This would give the UK's regulatory regime more flexibility and increase its ability to respond to changes in the market with appropriate technical expertise. However, this will require increased parliamentary oversight of the financial regulators' activities.

- After Brexit, both the UK and EU will need to continually review their own rules and adjust them as they see fit, which might mean that some divergence is inevitable. While there should not be a 'bonfire of regulation', there are some specific areas where the

UK may wish to make targeted adjustments to ensure that the regulatory regime is fit for purpose and encourages innovation.

- The UK should take a leadership role in promoting international cooperation in financial services after Brexit. This should include proactively seeking to shape the discussions in multilateral fora, in order to develop common global standards in areas such as fintech, and building closer bilateral relations with jurisdictions with which it shares a common approach.

Please find attached a more detailed exploration of our evidence, conclusions and recommendations. I look forward to receiving a response to these within the standard two-month deadline for Select Committee reports.

I would like to thank the Economic Secretary to the Treasury, John Glen MP, for giving evidence to our Committee and I am copying this letter to him, as well as to Mel Stride MP, Chair of the Treasury Select Committee.

Yours sincerely,

John Sharkey

Lord Sharkey
Chair of the EU Financial Affairs Sub-Committee

SUMMARY

The EU's equivalence regime is a patchwork across financial services and its value varies from sector to sector, and from business to business. The UK is currently fully aligned with the EU across all areas of financial services regulation, so granting equivalence to the UK should not be controversial. However, there is a risk that the equivalence decisions will be politicised, influenced by the broader negotiations on the UK-EU relationship and a desire on the part of EU Member States to attract business.

There are concerns that the EU's equivalence decisions may depend on alignment with the details of the EU rule book and that these decisions could be withdrawn at very short notice, making them difficult for businesses to rely on for their cross-border activities.

Given the importance of the UK-EU relationship in financial services, there should be regular and structured regulatory dialogue to provide a forum for discussion and resolving any possible disagreements. There should be a phased approach to any withdrawal of equivalence decisions, with clear timelines and consultation with the industry.

Brexit provides an opportunity for the UK to take a new approach to financial regulation by delegating more powers to the regulators. This would give the UK's regulatory regime more flexibility and increase its ability to respond to changes in the market with appropriate technical expertise. However, this will require increased parliamentary oversight of the financial regulators' activities.

After Brexit, both the UK and EU will need to continually review their own rules and adjust them as they see fit, which might mean that some divergence is inevitable. While there should not be a 'bonfire of regulation', there are some specific areas where the UK may wish to make targeted adjustments to ensure that the regulatory regime is fit for purpose and encourages innovation.

The UK should take a leadership role in promoting international cooperation in financial services after Brexit. This should include proactively seeking to shape the discussions in multilateral fora, in order to develop common global standards in areas such as fintech, and building closer bilateral relations with jurisdictions with which it shares a common approach.

FINANCIAL SERVICES AFTER BREXIT

THE UK-EU RELATIONSHIP IN FINANCIAL SERVICES

1. The UK is a global financial centre. According to the City of London Corporation, the UK's trade surplus in financial services is around £61 billion, making it by far the UK's most significant export. This financial services trade surplus is far greater than for any other country and roughly equivalent to the combined surpluses of the next three leading countries (the United States, Switzerland and Luxembourg). Research from TheCityUK has shown that nearly half of the sector's exports come from outside London and the UK has significant hubs in Edinburgh, Birmingham and Leeds. In 2019, the UK's financial services industry paid £75.5 billion of taxes, which represents 10.5% of the Government's total tax receipts.

2. Stephen Jones, Chief Executive Officer of UK Finance, told us that "the EU is the UK's largest single export market for financial services … Nearly half of all global financial services exports from the UK go to the EU." Sam Woods, Deputy Governor for Prudential Regulation at the Bank of England and Chief Executive Officer of the Prudential Regulation Authority (PRA), said that out of the UK's £280 billion financial services sector "roughly £30 billion of that is to EU clients and maybe £50 billion or so is related to the EU in some quite close way." Mr Woods said that around half of UK financial services exports to the EU are in investment banking, with the rest coming from asset management, insurance and financial market infrastructure.

Equivalence and its importance

3. It was agreed in the Political Declaration, that the future UK-EU relationship in financial services will be based on equivalence and that both sides should assess each other for equivalence by the end of June 2020. The equivalence regime covers around 40 areas across 17 pieces of EU legislation where the European Commission, and UK Government, can determine a foreign jurisdiction's rules and supervision as equivalent to their own. These can cover prudential and operational issues, as well as cross-border market access.

4. In the context of the EU negotiations, Andrew Bailey, Chief Executive of the Financial Conduct Authority (FCA), told us that that equivalence is a "patchwork" and is more important to certain areas than others. Julian Adams, Director of Public Policy and Regulation at M&G, said that "you can make a strong case for equivalence by different sectors, and equivalence will matter more or less to different sectors." Stephen Jones noted that "the firms that care most are those that operate in the wholesale markets and those that operate on a cross-border basis … [but] trying to come up with a consensus about what matters most across an industry is quite difficult."

5. We were told that equivalence is important for financial market infrastructure. In preparing the possibility of the UK leaving the EU without an agreement, the European Commission adopted two temporary equivalence decisions for UK central counterparties (CCPs) and central securities depositories (CSDs). Niamh Moloney, Professor of Financial Markets Law at the London School of Economics, told us that the EU adopted these because there was "a financial stability interest" [see more in

Paragraph 20]. However, Professor Moloney noted that there are many other areas where the EU did not take such a decision. For example, that the EU did not adopt an equivalence decision for share trading in the UK because "there is less of a stability interest, and certain Member States … had particular interests in pulling back trading from London."

6. The London Stock Exchange Group (LSEG) told us that "mutual equivalence between the UK and EU would be the best solution" to deal with share trading, noting that this "should be straightforward" because the UK is currently fully aligned with EU rules.[1] However, Andrew Bailey referred to the "difficult experience" of Switzerland in this area, which had its equivalence decision withdrawn from July 2019 because of the negotiations on the broader EU-Swiss relationship. Michael Dobson, Chairman of Schroders, said that "being precluded from trading your stock on the largest financial market in the world would make no sense whatever, so although we have not seen that sense break out vis-à-vis Switzerland, we would hope vis-à-vis the UK it will prevail."

7. For the insurance sector, Sir Adrian Montague, Chairman of Aviva, told us that "there is no universal rule" on equivalence and that "it very much depends on your business model". He said that "equivalence is almost an irrelevant concept" for retail insurers, while it would be "a convenience" for those with extensive European operations, such as Aviva. However, "there are some, such as Lloyd's … for which it is very important." Bruce Carnegie-Brown, Chairman of Lloyd's of London, told us that an equivalence decision for reinsurance "would be very helpful to us so that we could protect our long-term position", but said that this "needs to be in place quite a bit before year-end, because otherwise we will all have to lean on other kinds of contingency buttons to try to avoid losing our reinsurance business from Europe."

8. Our witnesses from the asset management sector were less concerned about equivalence. Sir Douglas Flint, Chairman of Standard Life Aberdeen, said "we are not dependent and will not be dependent on any elements of EU equivalence for our own business." Schroders Chairman, Michael Dobson, similarly told us that they "do not rely on an equivalence regime, partly because of the substantial existing presence we have in Europe and, secondly, because the main piece of EU legislation that covers funds activity – the UCITS [Undertakings for the Collective Investment in Transferable Securities] directive – does not contain equivalence provisions." He said that "what is key for us is the ability to rely on being able to delegate portfolio management", noting that "it is highly unlikely that that arrangement will not continue into the future, because it is not just a UK-EU question; it is a global question affecting everybody."

9. **The EU's equivalence regime exists as a patchwork across financial services and its value to the UK varies from sector to sector, and from business to business. Equivalence is essential in some areas, a convenience for others and of little importance for some parts of the financial services industry. In some areas there is no equivalence framework at all. The Government**

[1] In the absence of an equivalence decision, LSEG warned that "there may be many unintended consequences for the ability of market participants, in particular EU27 firms and their clients, to manage their portfolios and risk positions and to achieve best execution … There will also be implications for the cost of capital for affected firms and additional costs for investors."

should identify, in close cooperation with the industry, the areas where equivalence is most important to UK financial services and prioritise these in the discussions with the EU.

Improving the equivalence process

10. Our witnesses had concerns about the equivalence process. Although the assessments of equivalence are technical Miles Celic, Chief Executive Officer of TheCityUK, told us that equivalence decisions could be "driven much more by sovereignty concerns, almost by political concerns". He said there are particular concerns about the process for withdrawing equivalence, which can be done with as little as 30 days' notice, noting that "a 30-day basis for withdrawing your businesses is not sustainable. No board that I can think of would be willing to devote significant amounts of capital on that basis."

11. Stephen Jones of UK Finance also noted that the EU's equivalence decisions could be influenced by the broader negotiations on the UK-EU relationship. He said that the UK is "technically equivalent, because we have fully adopted the EU acquis, but the key will then be whether that permits the equivalence designation to be awarded … to the extent that this is part of a global set of negotiations."[2] Looking forward, he said:

> "It is very important to have clear dialogue and institutional mechanisms within which potential divergence is discussed, understood, assessed and calibrated for impact and then consequences are drawn by one side or the other, political or technical … That kind of framework would provide much greater certainty for those businesses that want to rely on robust equivalence designations in order to conduct cross-border business."

12. William Nott, Chief Executive Officer of SYZ Asset Management, told us that "there is no proper framework, and one needs to be established". He said that "the process really just needs to be a bit more structured with a bit more governance around it, with consultation, participation and some lead times if changes are going to be made and so on and so forth, so there are no cliff edge withdrawals with 30 days' notice." Sir Douglas Flint told us that "equivalence can work well when there is a clear framework of how equivalence will be judged, what the trigger will be to reassess it and what the evaluation process will be." He said:

> "There also needs to be a consultative process that says, 'We have reached a trigger point that means we are going to look at it. How should we look at it?' We will look at it together, and this will then be the process to take it forward so that people can plan accordingly. This suggests that the notice period for starting to re-evaluate equivalence, where it is relied upon, and the process, once it has been determined

[2] We note that the European Commission's Communication on equivalence, dated 29 July 2019, underlined that the EU's equivalence decisions are "unilateral and discretionary acts" and that the existence of equivalence provisions "do not confer a right on third countries for their framework to be assessed or to receive an equivalence determination, even if those third countries are able to demonstrate that their framework fulfils the relevant criteria."

> that a change is needed, would be a great deal longer than 30 days to give people time to adjust."

13. Professor Moloney told us that "the political risks will come two or three years down the line" as "inevitably, there will be some degree of divergence." As a result, M&G's Julian Adams said the two sides need to agree "corridors of permissible deviation". Aviva's Sir Adrian Montague told us that "the question is about how far we should be allowed to diverge while remaining equivalent", saying that "if there was no change in the equivalence mechanism, it would be, at least for some companies, a price too high." Lloyd's Chairman, Bruce Carnegie-Brown, also noted that without some additional stability or room for divergence equivalence would be "pretty much valueless."

14. Nausicaa Delfas, Executive Director of International at the FCA, told us that an 'outcomes-focused' approach to equivalence would allow each jurisdiction's regime "to evolve yet still deliver the same substantive outcomes." While the EU has withdrawn equivalence – for share trading in Switzerland and credit rating agencies in Argentina, Australia, Brazil, Canada, and Singapore – she noted that "there was a long dialogue before that occurred … we can draw some conclusions from the way that it has already operated, in that there is some dialogue and some notice." Professor Moloney said that "in all of this, the EU is speaking to a global constituency. If equivalence is pulled very sharply, everybody is watching: the US, Singapore and Hong Kong. All those signals are being transmitted, so politically and practically, although it is possible, it is practically unlikely."

15. The PRA's Sam Woods told us that "if it can be withdrawn with 30 days' notice, firms are going to be quite reluctant to put much weight on it." Referring to the EU's approach to equivalence for Switzerland, and whether this could be replicated for the UK, he said "we should be concerned about it, because, plainly, it could occur." He hoped it would be possible to agree "something more durable", noting that "two or three years is a normal off-ramp for something like this." Andrew Bailey told us that the two sides need to establish mechanisms to avoid "a metaphorical punch-up and a threat to withdraw equivalence" every time there is a disagreement on regulation:

> "You need mechanisms to say, 'At the end of the day, we each take our decision, but the process by which we reach the assessment is not going to be done on a separate planet'. We have strong, effective co-ordination. We each want to understand what the other is doing. The mechanisms that the Prime Minister and the Chancellor have been talking about are how I would imagine, sensibly, we would achieve that."

16. John Glen MP, Economic Secretary to the Treasury, told us that the UK-EU equivalence decisions "should not be controversial … the facts show and where we have been in deep and close alignment over many months." In a letter to the European Commission on 27 February, the Chancellor of the Exchequer, Rishi Sunak, said that the UK and EU "should be able to conclude equivalence assessments swiftly and I see no reason why we cannot deliver comprehensive positive findings to the June timeline", though noted that the date, contained in the Political Declaration, was not referenced in the EU's mandate agreed on the 25 February. In terms of the future relationship, Mr Glen stressed the importance of "structured dialogue" with the EU on financial services:

> "It is important that we clarify the context of our future relationship in an FTA, but it is also important that we do not embed rule-taker risk. It is important that we have the freedom to make decisions in the future that are in the best interests of the financial services industry, but with a structured dialogue and clarity for both sides on the implications of any future divergence when we may or may not wish to go down that route."

17. **The UK is currently fully aligned with the EU across all areas of financial services regulation, meaning that granting equivalence to the UK should not be controversial. However, there is a risk that the decisions on equivalence will be politicised, influenced the broader negotiations on the UK-EU relationship and a desire on the part of EU Member States to attract business. The Government's position in these discussions must reflect the importance of financial services to the UK economy and the specific areas where the UK-EU relationship is particularly valuable.**

18. **Equivalence decisions should be based on outcomes. However, there are concerns that the EU's equivalence decisions may depend on alignment with the details of the EU rule book and that these decisions could be withdrawn at very short notice, making them difficult for businesses to rely on for their cross-border activities.**

19. **Given the importance of the UK-EU relationship in financial services, there should be regular and structured regulatory dialogue, which would provide a forum for discussion and resolving any possible disagreements. We believe this would be beneficial for both sides. In any instances where an equivalence decision might be affected, there should be a phased approach to withdrawal, with clear timelines and consultation with the industry.**

Outstanding risks of disruption

20. Beyond the discussions on the future UK-EU relationship, we were told that there are some outstanding risks of disruption to financial services, including risks to financial stability. On the UK side, steps have been taken to mitigate these risks through the Temporary Permissions Regime (TPR), which will allow European Economic Area (EEA) firms and funds that are currently passporting into the UK to continue to do so for up to three years after the end of the transition period. The FCA's Nausicaa Delfas told us that the EU "did not create a similar regime and, therefore, individual Member States instituted their own laws, but those varied in scope and duration."

21. Sam Woods said that "probably the most important" outstanding risk to financial stability is the "very well-aired issue of the ability of EU companies to trade with UK central counterparties." He said that "if you sheared off that bit of financial plumbing, it could have quite a dramatic effect for all of us", though noted that he was "cautiously optimistic that our colleagues in the EU will deal with that one because they have done it twice before." LSEG, which is the majority-owner of LCH Group, a major UK central counterparty (CCP), told us:

> "Given the fundamental importance of the role of clearing, and LCH in particular, to financial stability, we would highlight the importance of reciprocal mechanism ensuring EU firms' access to UK CCPs to be granted by the end of September 2020 at the latest. In the absence of legal certainty by this date, EU banks and buyside clients would face material risks of disruption, raising serious concerns on overall financial stability."

22. The second ongoing financial stability risk is the issue of uncleared derivatives. While Mr Woods told us that "clients have been repapering into the new EU entities at a reasonably high pace", he noted that "repapering is just the first step of onboarding". He added: "There is little sign of back books novating, so there is a question about whether the local regimes and the new trades that customers are doing can take care of this back-book issue." Nausicaa Delfas noted that "if an equivalence arrangement is reached, that risk will fall away."

23. The third outstanding financial stability risk is the possible disruption to cross-border data flows. While the UK has legislated to continue to allow the free flow of personal data from the UK to the EU, this has not been reciprocated by the EU through a 'data adequacy' decision. John Glen MP noted that cross-border data flows are "critically important for consumers and businesses" and said that "there is no reason why we would not be deemed adequate", as the UK is "completely aligned" with the General Data Protection Regulation (GDPR).

24. The importance of data adequacy was highlighted by several witnesses. UK Finance's Stephen Jones told us that "many financial institutions, banking and otherwise, rely on cross-border data flows, and therefore data adequacy designations in both directions are very important." Lloyd's Chairman Bruce Carnegie-Brown said that it is "incredibly important that people reach a sensible agreement on this, because there does not seem to be relative commercial advantage in this issue as between the UK and any other counterparty." When asked whether Lloyd's was fully ready for a data cliff-edge, he told us flatly: "I do not know."[3]

25. Sir Adrian Montague told us that Aviva "will manage" in the absence of a data adequacy decision. He said that introducing the necessary Standard Contractual Clauses to facilitate these data flows "is a fantastically cumbrous and expensive administrative process, but it can be done." Revolut, a UK-based fintech company, was also confident that it could continue operating without a data adequacy decision, but said that it would be "immensely valuable … because the standard contractual arrangements that firms like us have had to introduce are inflexible and expensive."

26. Beyond financial stability, there are a number of other risks of disruption to financial services. On access to payment systems, Andrew Bailey noted that "while the main point had been solved in the sense that there was an agreement to let it happen, when you are not in the EU, you have to add more detail to your payment instruction." Mr Woods told us that "banks should be able to fix that in time but, if they do not, there

[3] In supplementary written evidence, Lloyd's told us that it has "a degree of protection" because of the Standard Contractual Clauses (SCCs) it has put in place with all branches, representative offices and subsidiaries to allow the continued transfer of data.

is a risk that quite a lot of small payments get disrupted." Although this should not threaten financial stability, he warned that "it could be quite noisy".

27. There may also be issues with cross-border insurance contracts. While Lloyd's announced in October 2018 that it will continue to honour its contractual commitments to EEA policyholders, Bruce Carnegie-Brown told us that "the payment of claims is a regulated activity and the European regulator has not been particularly helpful in saying that claims could continue to be paid in whatever circumstances." The London Market Group (LMG), which represents the insurance and reinsurance market in London, said that the current lack of legal certainty "could compromise the ability of London Market firms to legally service both live and expired contracts with EU27 policyholders, including the payment of valid claims."

28. **The UK's withdrawal from the EU brings with it a number of risks of disruption to financial services and to financial stability. The most important of these is the ability of EU entities to trade with UK central counterparties (CCPs). There are also issues related to uncleared derivatives and cross-border data flows. While the UK has sought to mitigate these risks, notably through the Temporary Permissions Regime (TPR), further actions may need to be taken by the EU. The risks of disruption to financial services, particularly any financial stability risks, should be urgently addressed and considered separately from the broader discussions on equivalence and the future UK-EU relationship.**

A NEW APPROACH TO FINANCIAL REGULATION

29. A number of witnesses highlighted the differences between the UK and EU in terms of their approach to financial regulation, and how the UK might adopt a new approach after Brexit. Sam Woods told us that there is currently "a huge volume of detail in legislation" and that "there is an opportunity here and, indeed, it would be sensible for Britain, once it has exited the EU, to move back to that more 'British style' of regulation and have more of the regulation done down in the rulemaking of the regulators." Andrew Bailey agreed, saying there is a "fundamental difference" in the UK's approach "because it is associated with common-law systems as opposed to civil law systems, which tend to embed more of the rulemaking in the legislation."

30. Professor Niamh Moloney told us that this difference of style also derives from the EU's desire to have a harmonised set of rules across the Member States:

> "When the UK regulates, it is regulating for stability, investor protection and so on. When the EU regulates, it is doing that but it is also constructing a single market. A lot of what it is doing is saying, 'Look, when this service crosses a border, fear not because this service is following a mutually agreed set of rules'. The more contested, the riskier and the more troublesome an area is, the more nervousness there will be in every Member State about what is coming into its playground."

31. These views were shared by witnesses from the financial services industry. Sir Douglas Flint, Chairman of Standard Life Aberdeen, said that "Europe has to put it in law so you get the same across, going forward, 27 countries, and you do not get divergence

… we have the opportunity and indeed the intent to put more regulation into the regulatory bodies, subject to appropriate accountability, rather than putting it in law." M&G's Julian Adams noted that the EU is "essentially trying to have the apparatus and law to create a single market. That is less important to the extent that we remain a single sovereign state."

32. John Glen MP told us that the UK has sometimes had a "different instinct" about how to best implement global standards. Sam Woods gave the example of Basel III, which was agreed at an international level and contained the main banking reforms after the financial crisis:

> "In every single Basel jurisdiction in the world, apart from the EU and Switzerland, all of that was done through regulators' rules. It is only in the EU and Switzerland that that gets drawn up into legislation. The main reason for that is a perfectly respectable one in the context of the EU, which is to make sure that everybody does it in exactly the same way. If you have left, that no longer binds and the question naturally arises."

33. We were told that there may be benefits to the UK taking a different approach. Peter Bevan, Global Practice Head of the Financial Regulation Group at Linklaters LLP, said that people would like to see more powers given to regulators because "it builds in the right ability to be innovative and respond quickly to developments in the market … Of course, it also helps to ensure that rules are made by people who have the appropriate expertise." The Building Societies Association (BSA) told us that the current practice of having rules in primary legislation makes them "very difficult and slow to update or change", noting a "return to the prior UK model … would allow regulation to evolve, in a responsive fashion."[4]

34. This new approach to financial regulation could also present an opportunity to improve regulatory coordination between UK authorities. Bruce Carnegie-Brown underlined the importance of having a system of 'air traffic control' for the regulators "because there are so many of them, all with their own initiatives, the net impact on the financial services industry is huge, disproportionate and very negative in terms of cost." Mr Bevan noted that this complexity has made it "very difficult to navigate what the law actually is, which provides a barrier to innovation in business."

35. We were told that any changes to the UK's institutional framework would not affect any possible equivalence decisions from the EU. TheCityUK's Miles Celic said that "market access is ultimately about the content and shape of regulation and supervision, more than the architecture itself." Mr Bevan agreed, saying there is "no doubt" that changes to the UK's regulatory architecture "could be commenced now without impacting at all on these decisions regarding equivalence or any suggestion of divergence from the EU."

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[4] Similar points have been made by financial regulators in the EU. For example, Robert Ophèle, Chairman of the French Autorité des Marchés Financiers (AMF), said in November 2017 that the EU's approach to financial regulation "has led to a hypertrophy or swelling of regulations that – probably to avoid national drifts – has entered a stage of extreme luxury of details … and has led to a rigidifying of regulation of a very damaging sort."

36. In July 2019, HM Treasury launched its Financial Services Future Regulatory Framework Review. John Glen MP told us that the first phase of this review had been directed at "the concern that I have seen expressed a lot over the last two years around what they call 'air traffic control', where you have the payments regulator, the PRA, the FCA and bodies that legitimately have different initiatives and things to comply with." He said there is a need to "clarify what all the lines of intervention are and organise them", explaining that the Government would respond to this issue "imminently".

37. On 11 March, HM Treasury published an update to this review which announced that a Regulatory Initiatives Grid will be launched over the summer and will provide an indicative two-year timetable for major regulatory initiatives affecting the financial services sector. This will be managed by a newly created Financial Services Regulatory Initiatives Forum comprising the Bank of England, PRA, FCA, Payment Systems Regulator, Competition and Markets Authority, and HM Treasury (as an observer member).[5] John Glen MP told us that the second phase of this review will "establish a dialogue to look at that, gather views and establish what would work appropriately to get a balance between scrutiny and accountability that allows regulators to take decisions proactively where that is appropriate and necessary for market confidence and security." He said that it will be launched in the Government's upcoming White Paper on Financial Services.

38. **Brexit provides the opportunity for the UK to take a new approach to financial regulation. Delegating more powers to the financial regulators could give the UK's regulatory regime more flexibility and increase its ability to respond to changes in the market with appropriate technical expertise. The Government should present its proposals for any delegation of powers to the regulators in its upcoming White Paper on Financial Services.**

39. **The process of reviewing the UK's approach to regulating financial services also presents an opportunity to improve regulatory coordination between UK authorities. We welcome the Government's decision to create a Financial Services Regulatory Initiatives Forum and to launch a Regulatory Initiatives Grid, which should introduce a form of 'air traffic control' for future initiatives in financial services.**

Ensuring the regulators remain accountable

40. We were told that granting more powers to the financial regulators would require increased parliamentary oversight of their activities to ensure they remain accountable. David Miles, Professor of Financial Economics at Imperial College Business School, told us that "because there will be more decision-making at the level of the FCA, the PRA and the Bank of England than there is at the moment, where to a significant extent it is implementing EU rules, you would want there to be proportionally more oversight of those institutions in Parliament." Professor Niamh Moloney said that "some careful

[5] Other bodies such as the Information Commissioner's Office (ICO), The Pensions Regulator and Financial Reporting Council (FRC) will be invited to attend and contribute to the Grid on an ad hoc basis, if and when responsible for a major initiative affecting the sector.

thought will need to be given to the legitimacy and accountability frameworks around financial regulation" in the period after Brexit:

> "For example, when ESMA, the European regulator, is involved in rule making, there is Commission oversight and [European] Parliament oversight, and legislative obligations for impact assessment, consultation and so on. That will have to be migrated back because it is not embedded to the same extent in the UK system; it has not been necessary."

Professor Moloney said that the UK's withdrawal from the EU will specifically require "a rethink of the parliamentary oversight system" because "there are very big questions about whether we diverge or not and, if we do, how it is done." Linklaters' Peter Bevan, agreed, noting that "appropriate democratic accountability and oversight of how the regulators exercise their powers are an important trade-off with an increase in those powers."

41. TheCityUK's Miles Celic told us that "it is important that there is an appropriate structure, not least because a lot of the European regulation that we are talking about was designed with precisely that degree of scrutiny in place." He said that this could not be achieved through the way parliamentary committees are currently structured, arguing it would need "a step change … in the funding and support given to committees". Evidence submitted by the International Regulatory Strategy Group (IRSG) suggested the creation of a new parliamentary committee similar to the Canadian Standing Joint Committee for the Scrutiny of Regulations.

42. M&G's Julian Adams told us that the Treasury Select Committee is "a very political forum" that is "driven almost by the topic du jour", arguing that there should be "more systematic scrutiny of the decisions, actions, policy-framing and impact of regulators." He said that "the committee structure does not lend itself to that at the moment. It is inadequately resourced. You can compare that to not just the staff available within the European Parliament, but also the budget and resources to call on skilled people." He told us that such enhanced parliamentary oversight in the UK would not compromise the independence of the regulators:

> "It is a mistake to regard enhanced scrutiny as compromising independence. It legitimises independence, if done properly … Without that, you have real concerns about overmightiness. It is a quid pro quo for having more power in a post-Brexit world."

43. Andrew Bailey noted that the question of oversight "has not been answered because the EU has, in a sense, occupied that space so extensively in the past." He said that this should be based on accountability rather than scrutiny, which he described as "looking backwards rather than scrutinising by looking forwards". Sam Woods said that if greater powers are given to the financial regulators after Brexit, then "it is entirely natural that Parliament would have a bigger role in examining what we are up to." He suggested that changes to the regulators' business plans could play a role in facilitating parliamentary scrutiny:

> "A contribution we can make … would be to signpost much more clearly and directly to the relevant committee or committees in Parliament: 'Here

> is our forward work programme for the next 12 months. Here are all the rules we expect to be making.' You may summon us on any of them to ask us what we are doing, but we can highlight and say, 'These two are pretty significant. We are setting up a new framework and it is a big change, whereas these are more procedural.' At the moment, we do not have that. That would be relatively easy to achieve and I think would help you in your task."

44. In its Financial Services Future Regulatory Framework Review, the Government has said it will ensure there is "appropriate democratic policy input" in the new regulatory architecture. It has said that the second phase of the review, which will form part of its upcoming White Paper, will "consider what the role of ministers and Parliament should be in deciding how important public policy issues are to be addressed in key areas of financial services sectoral regulation". John Glen MP told us that this would set out the specifics about the role of Parliament and how the regulators are held to account.

45. **Delegating more powers to the financial regulators will require increased parliamentary oversight of their activities, while ensuring that the regulators' operational independence is not compromised. This might require a change in the way that parliamentary committees are structured and an increase in resources to enable effective scrutiny. Parliament will also have to fill the scrutiny gap left by the European Parliament. The Government and Parliament should look to other jurisdictions for models of parliamentary accountability for financial regulators.**

Giving the regulators a competitiveness objective

46. There has been increased focus on the mandates of the financial regulators, particularly with respect to competition and competitiveness. In its recent report, the IRSG argued that "sustaining and promoting an environment where financial services can flourish in their global context should be made a secondary regulatory objective", noting that this should not involve reducing standards. Julian Adams, said that this consideration is particularly relevant in the post-Brexit context, noting that "we should explicitly require someone to give an account of how the regulation affects the relative attractiveness of London."

47. This view was broadly shared by our witnesses from across the industry. Sir Douglas Flint told us that "we should be embracing competitiveness". As other European countries will be looking at how to make their own financial systems more competitive, "for us not to have the ability to respond to that would be a mistake." Bruce Carnegie-Brown, was also supportive of the regulators having an international competitiveness objective, saying that there needs to be a "risk-and-return analysis, not just risk analysis."

48. Our witnesses were clear that this would not mean a 'race to the bottom' for financial regulation. Miles Celic told us that "the UK is attractive to international companies and investors because of the strength and professionalism of its regulation, not the contrary … competitiveness is driven by appropriate, strong, high standards of regulation, not by a deregulatory agenda." Peter Bevan gave us an example to illustrate this point:

> "The listing regime for public companies, in the UK, is the gold standard. A premium listing requires levels of disclosure and compliance that go beyond some other international standards. That is attractive to pools of capital, which have a high degree of trust in investing in companies that achieve that listing standard. That therefore means that companies are attracted to that market to access those pools of capital, so it can be a virtuous circle. A more sophisticated, appropriate and heavier degree of regulation, in that sense, is consistent with greater competitiveness."

49. However, Aviva Chairman, Sir Adrian Montague, said that a competitiveness objective was "not a panacea" and "not the only answer to the question". He said there is "work yet to be done to try to create within the UK the right sort of conjunctions between the industry, the regulators, the Treasury and politicians to look to the future of London as a financial centre". Mr Celic called for a "top-level partnership group, chaired by the Chancellor, with the regulators, industry and HMT, brought together to meet reasonably regularly, to look at the industry from a strategic partnership, as a national strategic asset."

50. Nausicaa Delfas pointed to the FCA's primary competition objective, noting that this led to the Innovate programme and "a lot of work on market studies and financial innovation".[6] Andrew Bailey noted that the Government's current remit letter to the regulators refers to competitiveness and developing the UK as a financial centre, which "feeds through into our approach". Sam Woods said that a regulator's job is like being a referee and expressed caution about making competitiveness a formal objective. He noted that the history of the Financial Services Authority's competitiveness objective "is not an entirely happy one", and said it could "risk diluting the effectiveness of the regulator."

51. **The UK's withdrawal from the EU has led to an increased focus on the competitiveness of the UK as a financial centre and the role of the financial regulators in promoting this objective. Some of our witnesses argued that the regulators should have a formal secondary competitiveness objective, whereas others believed that this responsibility should lie elsewhere. This is an important issue so Government should consider these arguments in its forthcoming White Paper on Financial Services.**

MAKING THE RULES FIT FOR PURPOSE

52. The UK has played a leading role in developing the EU's current regulatory regime, which will become UK law at the end of the transition period. Andrew Bailey told us that "the rulebook we have today, which has come out of the EU, has been developed with a very large amount of input from the UK." Professor Moloney, agreed that the UK has had a "very strong influence" and "been good at shaping the EU rulebook".

53. However, our witnesses made it clear that the UK must avoid becoming a 'rule taker' from the EU after Brexit. Sam Woods told us that "we do not think we can have

[6] Project Innovate was launched by the FCA in 2014 to help firms with innovative business models to operate and develop, support a regulatory environment that facilitates innovation, and engage and influence at both a national and international level to further promote innovation.

confidence about our mandate of maintaining financial stability if we have no say over the rules, given the size of the financial sector we have and the fact that it is very different from what there is in most of the rest of the EU." He gave the example of the most recent Capital Requirements Directive (CRD V), which contains prudential rules for banks:

> "Our team had to work strenuously to make sure that, as an accidental by-product to that, it did not become impossible for us to capitalise our ring-fenced banks to the extent we want to. This was something that we had done, as a major plank of our reforms, and that had not been done in the rest of the EU. There was a very real possibility and, indeed, without the intervention of our teams, that would have been frustrated. It gives you a sense of the sort of thing that could happen if we blindly aligned."

54. Andrew Bailey referred to some of the banking reforms after the financial crisis, where the UK was accused of seeking a competitive advantage by imposing higher capital requirements. He said that "we thought it was a mistake at the time to conclude that." Professor David Miles told us that "the reason why the UK has sometimes wanted to diverge from the rules is that it thinks they were simply misguided and were not preserving financial stability", noting that "there is not much evidence that the UK wants the flexibility to be much laxer on things because we are less concerned about financial stability risks."

55. Regulatory alignment could also negatively affect the UK's financial services industry. John Glen MP told us that is it "important that we do not embed rule-taker risk" and that "we have the freedom to make decisions in the future that are in the best interests of the financial services industry". Sam Woods said that "given our Government's objective to have a large global trading centre here … There is a question as to whether it is sensible to sign up to rules set by those other jurisdictions with that in the background."

56. Sir Adrian Montague said that "much of the regulation that we have in Europe and that we are inheriting now has had a profound British imprint on it". However, he warned against the UK becoming a 'rule taker' because of the changes the EU may introduce. He referred to the example of the matching adjustment in Solvency II, which sets out the regulatory requirements for insurance firms and groups:

> "The loss of the matching adjustment would have a very serious impact on the life companies in the UK. That is the reason, above all, why the industry is emphatic that it should not be subject to rule taking from the continent, because that will be a huge threat to British industry. It is a provision in Solvency II that the Treasury had to fight hard for, because it was of such limited geographical impact. Only the UK and Spain need that sort of protection."

57. We were told that some degree of divergence between the UK and EU might be inevitable. Andrew Bailey said that "both of us are going to have to review our rulebooks, because the world moves on. Also, let us be honest; we do not land everything perfectly first time." Sam Woods told us that some degree of divergence is

"almost inevitable because, absent us at the table putting across our point of view … it will go in a slightly different direction". Sir Douglas Flint similarly noted that "in a lot of the detailed areas, we will look at them again and Europe will look at them again, and we will probably come to slightly different outcomes".

58. **Automatic alignment with the EU, without the means to shape the outcome of financial regulation, would tie the hands of the UK regulators and would increase risks to financial stability over time. It could also be detrimental to specific parts of the UK's financial services industry, as the EU might change its rules in a way that no longer suits the UK market.**

59. **After Brexit, both the UK and EU will need to continually review their own rules and adjust them as they see fit. While this might mean that some degree of divergence is inevitable, such divergence should be managed through strong regulatory dialogue and cooperation. In the negotiations with the EU, the Government should seek to agree a process for structured regulatory dialogue in financial services.**

Opportunities for regulatory divergence

60. We were told that the UK's withdrawal from the EU could provide opportunities to improve specific aspects of the regulatory regime for financial services. Andrew Bailey said that while the UK has been successful in shaping EU financial services rules, "you can point to things we do not like but there are a lot of other things that we either wanted or, frankly, wanted to limit the damage of". This has meant that "there are bits of European legislation that just do not work particularly well for the UK."

61. UK Finance's Stephen Jones told us that "deregulating for the sake of deregulating is not an aspiration that we would encourage or recommend." However, he noted that "we do, on a case-by-case basis, have the scope to customise certain regulations to the specificities of the UK market." TheCityUK's Miles Celic similarly said that the UK could "fine-tune" the existing rules, and Sir Adrian Montague told us: "We cannot tear up the rulebook and start again … We can optimise the rulebook, but we cannot tear it up."

62. There are examples in banking where the UK may wish to take a different approach. Sam Woods told us that the EU is proposing to allow banks to count their investment in their IT systems as capital, which he noted is "one deviation that the EU is proposing from the latest Basel deal". He said that "we lost that argument in the EU28 setting" but said that this raises an important question after the UK has left the EU: "Do we join the EU in being noncompliant with Basel and allowing in this thing, which I do not think is a terribly good idea, or do we hold the line?"

63. The UK may also wish to apply greater proportionality in banking rules. Mr Woods told us that the PRA is "very keen on the idea of not a weaker regime, but a simpler regime, for small firms and particularly small banks." While it is "very difficult to get such a thing agreed in an EU28 setting", he believed that this would be "a good thing, from both a safety and soundness perspective and a competition and competitiveness perspective." The BSA also told us that the EU's 'one size fits all' approach "has produced sub-optimal outcomes, especially for smaller banks and for competition

overall", noting that there is "scope to introduce more proportionate prudential regulation for small domestic deposit-takers".

64. Another example mentioned by Mr Woods was the risk margin in Solvency II. He told us that it is "a great example of an unintended consequence", having been designed before the current low-interest rate environment. As a result, insurers are "offshoring longevity in huge volumes" which is "very unhelpful". He said "we will want to change that … That is one opportunity, and an important one." Julian Adams noted that the risk margin has affected UK annuity writers "particularly hard" and represents an area where the UK should take a different approach:

> "The regulator agrees that its construction is … pro-cyclical and, given the current levels of interest rates and the assumptions it makes about the fixed cost of capital, inappropriate. The industry argues that it is inappropriate. We now have an ability to use discretion to modify it. If we do not do that, it will be a missed opportunity."

65. Focusing on fintech, Revolut told us that the UK's withdrawal from the EU "presents an opportunity to revisit the policy and regulatory environment". Funding Circle, the UK's largest peer-to-peer lending platform, said that the EU's new crowdfunding regulation "does not account for how the business models of major UK platforms have developed over the past decade". They continued: "It is strongly in the interests of the UK's peer-to-peer lending sector that it continues to operate under the FCA's regulatory regime and that – at least in relation to our sector – the UK diverges from the European Union in this respect."

66. Specific concerns issues were also identified in the Packaged Retail and Insurance-based Investment Products (PRIIPs) Regulation. Michael Dobson, Chairman of Schroders, said it has been "very expensive to implement" and "hard to represent to clients". He told us that the accounting rules can lead to negative transaction costs – "which is, by definition, nonsense" – and that "we also need to forecast future performance on the back of past performance, which is absolutely not what we want to do." Andrew Bailey also described it as a "malfunctioning piece of legislation".

67. In the December 2019 Queen's Speech, the Government announced that it will be introducing a Financial Services Bill to "ensure that the UK maintains its world-leading regulatory standards and remains open to international markets after we leave the EU." The Economic Secretary to the Treasury, John Glen MP, told us that this will "deal with future access to the UK market by financial services firms in Gibraltar, how we handle overseas investment funds and how we onshore and deal with Basel legislation". When asked about the UK's implementation of the Basel rules and whether it might diverge from the EU, the Minister said that "we will have to be very cognisant" of the EU's approach and "cannot have a situation where we are in a less advantageous position to others".[7]

[7] On 11 March, the Government published three documents related to the Financial Services Bill. The Policy Statement on prudential standards noted that public consultations will be launched in due course on the implementation of the Basel standards, on the Capital Requirements Regulation (CRRII) provisions, and on the prudential regime for investment firms.

68. **There are a number of specific areas where the UK may wish to change the rules for financial services after Brexit. This should not involve a 'bonfire of regulation' but rather some targeted adjustments to ensure that the regulatory regime is tailored to the UK context. These changes could be good for both the safety and soundness of the financial system, and competition and competitiveness.**

69. **The Government has announced that it will be implementing the Basel rules in a Financial Services Bill. Given the UK's commitment to adhere to international standards and the EU's possible divergence from them, the Government should consider in which specific areas it would be desirable to take a different approach to the EU in Basel implementation. This may also apply in other areas where there are clear international standards that the Government would like to promote.**

The need for global regulatory cooperation and leadership

70. In future, the UK will have to cooperate closely with the EU and other third countries on financial regulation. John Glen MP told us that it is "not the time for us to be setting out a complete, directive-by-directive view of the future", noting that "we have to do things in the right and appropriate sequence." However, for the negotiations with the EU, he stressed the importance of having a "structured dialogue and clarity for both sides on the implications of any future divergence when we may or may not wish to go down that route."

71. Sir Adrian Montague told us that the UK's concerns over the risk margin in Solvency II is "one of the features that all the insurers in Europe would like to be reviewed". He said that it is "a change that would be welcomed on the continent just as much as in the UK" and suggested that "it may be possible to do that in parallel." William Nott, from SYZ Asset Management, noted that both the UK and EU will be reviewing their rules and hoped that they will "co-operate properly" and take an approach that is "aligned across markets."

72. The UK will also need to engage with other jurisdictions and invest in what Miles Celic described as "regulatory diplomacy". Nausicaa Delfas told us that financial services "operate in a global context and a lot of the standards in domestic and EU rules are formed at an international level … which then cascade to domestic and European rulemaking", noting that the UK "engage[s] very heavily on the multilateral global standard-setting work".

73. Bruce Carnegie-Brown said that "as we come out of this period of negotiation with the European Union, there may be an opportunity to reposition some of these discussions in terms of global minimum standards, as opposed to UK versus European standards." He argued that the UK should take a "leadership role in the global insurance market around minimum standards" to avoid fragmentation across different jurisdictions.

74. For the asset management sector, Schroders' Michael Dobson told us that "what is key for us is the ability to rely on being able to delegate portfolio management." He said that the UK "is probably the best market in the world to run global asset

management portfolios" and thought it "highly unlikely" that delegation will not continue "because it is not just a UK-EU question; it is a global question affecting everybody." William Nott, however, told us that delegation is "not written in stone" and is only possible "because we have good regulatory co-operation". He called for greater cooperation at a global level:

> "The asset management industry is a uniquely global industry. We are investing in asset classes around the world. We need alignment among global regulators a lot more than we realise. Where we see misalignment, we get complexity and operational difficulties … As an industry, we are massive fans of what I call global equivalence. It is much bigger than just the EU-UK issue."

75. John Glen MP, Economic Secretary to the Treasury, told us that the Government's Global Financial Partnerships Strategy, launched by the Chancellor of the Exchequer in June 2018, "is about expanding opportunities for UK financial services to ease frictions in cross-border trade and investment, and complementing co-operation on financial regulatory issues." He said there is "a clear opportunity to strengthen our ties" with Singapore, Hong Kong, Japan and Switzerland, and referred to the recent success of the 'fintech bridges' with Hong Kong and Australia.

76. Revolut told us that "the UK can build closer relationships with other third countries after Brexit by negotiating additional fintech bridge agreements", which reduce barriers to entry and have helped Revolut to launch in Australia and Singapore. Revolut also said that the UK "has taken a leading role in promoting international standards in fintech through bodies such as the Global Financial Innovation Network (GFIN)", which is an area that Andrew Bailey specifically identified as an opportunity after Brexit:

> "The European Union, frankly, has been rather suspicious of it. I keep hearing slightly suspicious arguments that this is going beyond the rulebook, which I do not think it is … We have developed very strong relations in that area with other countries, and we want to go on doing that and develop them. That is, frankly, one of the opportunities we have and we should take that opportunity."

77. **The UK will clearly need to have strong regulatory cooperation with other jurisdictions. Given the importance of the UK-EU relationship in financial services, close cooperation with the EU will be essential for managing any future divergence. The Government, in close cooperation with the regulators and industry, must take a leadership role and proactively seek to shape the discussions in multilateral fora, in order to develop common global standards in areas such as fintech. It should also take the opportunities after Brexit to develop closer bilateral relations with jurisdictions with which it shares a common approach to promoting cross-border financial services.**

APPENDIX 1: DECLARATION OF MEMBERS' INTERESTS

Declarations of EU Financial Affairs Sub-Committee members' interests for the inquiry on Financial Services after Brexit

Interests declared:

Lord Bruce of Bennachie
- Adviser, DAI Europe which may receive EU Funding

Lord Cavendish of Furness
- No interests declared

Baroness Couttie
- Non-Executive Director, Mitie plc
- Commissioner, Guernsey Financial Services Commission

Lord Desai
- Chairman, Advisory Board of Official Monetary and Financial Institutions Forum

Lord Giddens
- No interests declared

Baroness Liddell of Coatdyke
- Senior Adviser, PwC, which advises Government on a wide range of issues
- Chair, Annington Homes (owners of the Ministry of Defence (MoD) Married Quarters Estate)

Baroness Neville-Rolfe
- Chair, UK ASEAN Business Council
- Non-Executive Director, Capita plc
- Non-Executive Director, Secure Trust Bank plc
- Former Commercial Secretary, HM Treasury

Lord Sharkey
- Shareholder, Santander

Lord Thomas of Cwmgiedd
- First Vice-President, the European Law Institute, Vienna
- Chairman, Financial Markets Law Committee, London
- Arbitrator
- President, AIDA Reinsurance and Insurance Arbitration Society, UK
- Vice-President, London Shipping Law Centre

Viscount Trenchard
- Senior Adviser, Her Majesty's Government on Japanese Financial Services
- Consultant, Japan Bank for International Cooperation
- Chairman, Stratton Street PCC Limited
- Director, Adamas Finance Asia Limited
- Trustee, Fonthill Estate, Wiltshire

Lord Turnbull

- Adviser to Competition and Market Authority's Board Evaluation

Lord Vaux of Harrowden

- Non-registrable shareholdings:
    - CME Group Inc
    - Investec plc
    - Prudential plc
    - HSBC Holdings
- Registered holdings:
    - Fidelity National Information Services
- Non-practicing Chartered Accountant
- Receipt of EU farming subsidies in Scotland

Please note, for a full list of Members' Declaration of Interests please visit:
http://www.parliament.uk/mps-lords-and-offices/standards-and-interests/register-of-lords-interests/

APPENDIX II: LIST OF WITNESSES

Evidence is published online at https://committees.parliament.uk/committee/337/eu-financial-affairs-subcommittee/publications/ and available for inspection at the Parliamentary Archives (020 7219 3074). Evidence received by the Committee is listed below in chronological order or oral evidence and in alphabetical order. Those witnesses marked with ** gave both oral evidence and written evidence. Those marked with * gave oral evidence and did not submit any written evidence. All other witnesses submitted written evidence only.

Oral evidence in chronological order

*	Professor Niamh Moloney, London School of Economics and Political Science	QQ 1-11
*	Professor David Miles CBE, Imperial College London	QQ 1-11
*	Julian Adams, Director, Public Policy and Regulation, M&G plc	QQ 12-25
*	Peter Bevan, Financial Regulation Partner, Global Practice Head, Financial Regulation Group, Linklaters LLP	QQ 12-25
**	Miles Celic, Chief Executive Officer, TheCityUK	QQ 12-25
*	Andrew Bailey, Chief Executive Officer, Financial Conduct Authority	QQ 26-40
*	Nausicaa Delfas, Executive Director of International, FCA	QQ 26-40
*	Sam Woods, Deputy Governor for Prudential Regulation, Bank of England, and Chief Executive Officer, Prudential Regulation Authority	QQ 26-40
**	Bruce Carnegie-Brown, Chairman, Lloyd's of London	QQ 41-58
**	Sir Adrian Montague CBE, Chairman, Aviva	QQ 41-58
*	Michael Dobson, Chairman, Schroders	QQ 58-69
*	Sir Douglas Flint CBE, Chairman, Standard Life Aberdeen	QQ 58-69
*	Stephen Jones, Chief Executive Officer, UK Finance	QQ 58-69
*	William Nott, Chief Executive Officer, SYZ Asset Management	QQ 58-69
*	John Glen MP, Economic Secretary to the Treasury and City Minister	QQ 70-79
*	James Fairburn, Deputy Director, Financial Stability EU Team, HM Treasury	QQ 70-79
	Rohan Lee, Deputy Director, Financial Services Legislation and Strategy, HM Treasury	QQ 70-79

Alphabetical list of all witnesses

*	Julian Adams, Director, Public Policy and Regulation, M&G plc (QQ 12-25)	
*	Andrew Bailey, Chief Executive Officer, Financial Conduct Authority (QQ 26-40)	
*	Peter Bevan, Financial Regulation Partner, Global Practice Head, Financial Regulation Group, Linklaters LLP (QQ 12-25)	
	Building Association Society	ZFS0007
**	Bruce Carnegie-Brown, Chairman, Lloyd's of London (QQ 41-58)	ZFS0006
**	Miles Celic, Chief Executive Officer, TheCityUK (QQ 12-25)	ZFS0011
	City of London Corporation	ZFS0008
*	Nausicaa Delfas, Executive Director of International, Financial Conduct Autority (QQ 26-40)	
*	Michael Dobson, Chairman, Schroders (QQ 58-69)	
*	James Fairburn, Deputy Director, Financial Stability EU Team, HM Treasury (QQ 70-79)	
*	Sir Douglas Flint CBE, Chairman, Standard Life Aberdeen (QQ 58-69)	
	Funding Circle UK	ZFS0004
*	John Glen MP, Economic Secretary to the Treasury and City Minister (QQ 70-79)	
*	Stephen Jones, Chief Executive Officer, UK Finance (QQ 58-69)	
*	Rohan Lee, Deputy Director, Financial Services Legislation and Strategy, HM Treasury (QQ 70-79)	
	London Market Group	ZFS0009
	London Stock Exchange Group	ZFS0010
*	Professor David Miles CBE, Imperial College London (QQ 1-11)	
*	Professor Niamh Moloney, London School of Economics and Political Science (QQ 1-11)	
**	Sir Adrian Montague CBE, Chairman, Aviva (QQ 41-58)	ZFS0005
	Revolut	ZFS0012

*	William Nott, Chief Executive Officer, SYZ Asset Management (QQ 58-69)	
*	Sam Woods, Deputy Governor for Prudential Regulation, Bank of England, and Chief Executive Officer, Prudential Regulation Authority (QQ 26-40)	