

Bank of England

Rt Hon. Mel Stride MP
Chair of the Treasury Committee
House of Commons
Committee Office
London SW1A 0AA

Andrew Bailey
Governor

27 July 2022

Dear Mel,

FUTURE REGULATORY FRAMEWORK FOR FINANCIAL SERVICES

During my recent appearance at the Treasury Select Committee (TSC) on 11 July, members of the committee asked me a number of questions related to the Financial Services and Markets Bill (FSM Bill).

Now that the FSM Bill has been laid before Parliament, I am writing to confirm that the Bank welcomes the Future Regulatory Framework (FRF) measures contained in the Bill, which are intended to establish a strong, responsive and internationally respected approach to financial services regulation for the UK.

We support the proposals for regulators to have increased responsibility for setting regulatory requirements, acting (as I noted in my recent appearance at the committee) within a strong policy and accountability framework set and overseen by Parliament.

As I stated during the session on 11 July, regulatory independence is important, not least because our international standing, and therefore the competitiveness of the UK financial sector which the reforms are aimed at enhancing, depends on it. Anything that would weaken the independence of regulators would undermine the aims of the reforms. We welcome the increased accountability mechanisms set out in the Bill, which strike an appropriate balance between the desire for independent regulators to be more responsive to new risks and opportunities and the need for Parliament, stakeholders, and the public at large to hold regulators to account fully.

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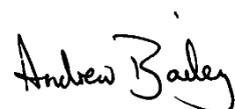
Bank of England | Threadneedle Street, London, EC2R 8AH
+44 (0)20 3461 4444 | www.bankofengland.co.uk



To support this, the PRA expects to publish a discussion paper in September, setting out our vision for implementing the framework as it currently stands in terms of strong standards; accountability to Parliament, stakeholders, and the public at large; responsiveness; and accessibility.

We stand ready to discuss these matters as the FSM Bill progresses, and I welcome the opportunity to provide views to Parliamentarians on any of the specific proposals in the Bill.

Yours sincerely

A handwritten signature in black ink that reads "Andrew Bailey". The signature is written in a cursive style with a small dot above the 'i' in Bailey.