



Sub-Committee on Financial Services Regulations

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Andrew Griffith MP
Economic Secretary to the Treasury
HM Treasury

[via email]

31 January 2023

Dear Andrew,

The Edinburgh Reforms – ‘illustrative’ statutory instruments

We would be grateful if you could provide us with answers to the following questions on the ‘illustrative’ statutory instruments (SIs) published by the Treasury in December as part of the Edinburgh Reforms package.

Illustrative Securitisation Regulations 2023

In this instrument, the Treasury uses the broad powers in Clause 4 of the Financial Services and Markets Bill to restate, with modifications, legislation which the Bill would otherwise revoke. We note that the accompanying policy paper identifies the legislation being restated. Proper scrutiny of such instruments will be best facilitated by providing with a comparison of the revoked legislation, the restated provisions and the purposes for which modifications have been made.

We also note that some provisions revoked by the Bill are being restated in legislation, whereas others are left to regulators’ rule-making powers.

- Will HM Treasury commit to, when such SIs are laid, providing at least as much detail about what legislation is being restated as is set out in the policy paper, as well as detail about the purposes for which any modifications are made?
- What principles will HM Treasury rely on to decide which provisions should be restated in legislation, and which should be left to regulators’ rules?

Illustrative Financial Services and Markets Act 2000 (Public Offers and Admissions to Trading) Regulations 2023

Clause 29 of the Financial Services and Markets Bill (as introduced to the House of Lords) will require regulators to have regard, when making rules, to matters that will be specified by HM Treasury. We note that this power to specify is used in this illustrative SI and in the illustrative Securitisation Regulations 2023. Paragraphs 2.12 and 2.6 of the respective policy papers state that HM Treasury “intends to use this power only when necessary”.

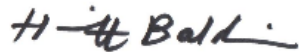
- How and when is it envisaged that this power will be used?

Laying draft affirmatives under the Financial Services and Markets Act

As you know, when draft affirmative SIs are laid before Parliament, they are submitted to the Joint Committee for Statutory Instruments (JCSI) for consideration. On the assumption that the Financial Services and Markets Bill is enacted, we would like to request that for SIs laid before Parliament under sections of that Act, copies also be shared with this Sub-Committee directly when they are sent to JCSI.

In line with the Committee's usual practice, I will be placing this letter and your response in the public domain. I would be grateful for a reply by 14 February.

With best wishes,

A handwritten signature in black ink that reads "H. Baldwin". The signature is written in a cursive, slightly slanted style.

Harriett Baldwin MP
Chair of the Treasury Sub-Committee on Financial Services Regulations