



HM Treasury, 1 Horse Guards Road, London, SW1A 2HQ

Harriett Baldwin MP  
Chair of the Treasury Sub-Committee on Financial Services Regulations  
House of Commons  
Committee Office  
London  
SW1A 0AA

Dear Harriett,

Thank you for your letter of 31st January about illustrative statutory instruments (SIs) that were published as part of the Edinburgh Reforms in December. I am also grateful for the Committee's wider interest in the government's work programme to enact the repeal of retained EU law in financial services and move to a regulatory framework tailored to UK.

You asked what information the government will provide about the restatement and modification of retained EU law when relevant SIs are laid before Parliament. You also asked for copies of draft affirmative SIs to be shared with the Committee at the same time as they are shared with the Joint Committee for Statutory Instruments (JCSI). The government will publish full explanatory memoranda alongside SIs that are subject to Parliamentary procedure. These memoranda will set out key provisions that will be restated in legislation, information about the purposes for which any modifications are made, as well as detailed information about the policy and legislative approach that the government has taken when designing SIs made under the programme. The government will make draft affirmative SIs publicly available as they are laid and submitted to the JCSI.

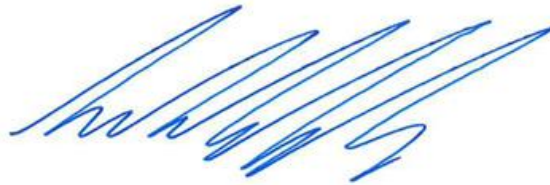
In addition, you asked for further information about the principles that will guide the Treasury's decision making on which provisions should be restated in legislation, and which should be left to regulators' rules as it delivers the programme. The comprehensive FSMA model that the Government will move to, which I know you are familiar with, will generally mean that the regulators make detailed firm facing rules within a framework set by the government and Parliament. Over time, this approach will lead to the deletion of most provisions in retained EU law in financial services, with the regulators making replacement rules where appropriate. There may be exceptions to this approach, where it is desirable for public policy or other reasons to retain certain such provisions in legislation, although the government expects such instances to be rare. The government's draft SIs published on date set out some examples of how this

framework may operate in practice in an attempt to be helpful to colleagues and industry.

You also asked about how 'have regards' will be used in the programme. In general, the regulators' statutory objectives and cross-cutting regulatory principles will be sufficient to set the overall policy framework within which the regulators make rules. The government will introduce an activity-specific 'have regard' only where there is a significant broader public policy priority which is important enough to be considered explicitly as part of the regulators' policy making process, and where scrutiny of rule proposals would benefit from a regulator's explanation on how the policy priority has been taken into account. Further detail on how HM Treasury plans to use the 'have regard' power, and on the comprehensive FSMA model, can be found in the Government's policy statement 'Building a smarter financial services framework for the UK'.

In the meantime I hope these responses are useful in the Committee's ongoing work and as you know I am always open to discuss any particular matter with you or your committee.

Yours Sincerely,

A handwritten signature in blue ink, appearing to read 'Andrew Griffith', written in a cursive style.

**ANDREW GRIFFITH MP**