



Treasury Committee

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Nikhil Rathi
Chief Executive
Financial Conduct Authority
Via email

28 March 2023

Dear Nikhil,

Work of the Financial Conduct Authority session on 8 March 2023

I write further to your appearance before the Committee on [8 March 2023](#). You offered during the session to provide further information in writing. Some of those questions have been dealt with in other correspondence. However, I would be grateful if you could answer the following questions, which include those remaining topics already committed to and some additional questions:

Colleague Voice

1. Has the FCA decided to publish in full the findings from Colleague Voice? [Q437]

Outsourcing of insurance claims

2. What has the FCA found in terms of insurers' practices regarding the outsourcing of claims handling? Please could you include in your response any findings you have made as to whether the incentive structures involved are leading to poor consumer outcomes? Please could you also outline the information you have been getting as to the extent of consumers' problems in this area? [Qq449-453]

Greenwashing

Thank you for your recent correspondence regarding greenwashing. However, please could we also have a response to the following question:

3. Has the FCA done any work looking at claims by those who manage funds and investment trusts about their sustainability, and how that compares to how they use their voting rights for the companies they hold equity in? [Qq496-497]

Mortgages

4. Please can you provide the Committee with the revised forecast figures and statistics on mortgage holders who may be, or are, in financial difficulty? [Q467]

Recent banking failures

5. What role did the FCA play in the resolution and sale of SVB UK? Please could you include a timeline of your involvement?

6. What are the FCA's current concerns, given its regulatory responsibilities, arising from recent events in the banking system?

Cryptoassets and the digital pound

7. The FCA will assume responsibility for regulating non-systemically important stablecoins (with the Bank of England regulating those that are systemic). Can you describe the scale of this task, including an estimate of the number of stablecoin firms you will need to regulate? How many additional staff will you need specifically for this task, and how is that recruitment is going?
8. The perimeter of the financial promotion rules will be expanded to capture qualifying cryptoasset firms. How much will this add to the FCA's workload?
 - The financial promotion rules are intended to cover products and services promoted in the UK even if the provider is based overseas. What powers will the FCA have to enforce changes to (or blocks on) promotions from overseas companies that breach the rules? Will these be as effective as the powers that can be applied to firms based within the UK?
9. In addition to your expanded responsibilities for regulating stablecoins and cryptoasset financial promotions, the Government's plans for the wider regulation of cryptoassets would see you take on responsibility for regulation in a host of other areas. How concerned are you about the FCA's ability to cope with such a substantial increase in its responsibilities? Do you have an estimate for the number of additional staff you might need to regulate cryptoassets as proposed in the Government's February consultation paper?
10. The Bank of England and HM Treasury recently launched a consultation on a UK retail central bank digital currency – the digital pound. The proposed 'platform model' for the digital pound would see the creation of new 'Payment Interface Providers' (PIPs) and 'External Service Interface Providers' (ESIPs) that would interact with consumers and hold their digital pound wallets. What role do you envisage the FCA would play in the regulation of these new types of companies?

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 Wednesday 19 April 2023.

Yours sincerely,



Harriett Baldwin MP
Chair of the Treasury Committee