



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

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

16 November 2020

Dear Mel,

UPCOMING STATUTORY REVIEWS: RING-FENCING AND PROPRIETARY TRADING ACTIVITIES

I am writing to you in relation to the appointment of the panel chair for the upcoming statutory reviews of both the ring-fencing regime legislation and banks' proprietary ('prop') trading activities.

Ring-fencing is a key post-crisis structural reform to the UK banking sector. It is designed to increase the stability of the UK's financial system by separating core retail banking services from banks' investment activities. It was implemented following recommendations from the 2011 Independent Commission on Banking, chaired by Sir John Vickers, and the regime came into effect on 1 January 2019.

The legislation¹ that implemented the ring-fencing regime requires HMT to appoint an independent panel by 1 January 2021 to review the regime. The legislation also requires that an independent panel reviews firms' prop trading activities, on which the PRA recently published a report². Given the close relation between the ring-fencing objectives and prop trading activity, I intend for one panel of six members, including a chair, to conduct both reviews.

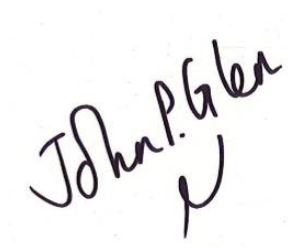
The panel will be independent of HMT, and the chair of this panel will have a unique opportunity to review a major piece of domestic banking reform. With the requirement for independence as well as this responsibility in mind, I intend to appoint Keith Skeoch, outgoing CEO of Standard Life Aberdeen, to the chair position of the panel. I believe his

¹ Financial Services (Banking Reform) Act 2013.

² <https://www.bankofengland.co.uk/prudential-regulation/publication/2020/proprietary-trading-review>

expertise and leadership, gained from extensive experience in the financial sector, make him very well-equipped to chair the panel and will strongly benefit the reviews.

For the remaining panel member appointments, I am currently considering further candidates, and please be assured that I will write to inform you of the final appointees before an announcement on the full panel composition, which I intend to finalise by the end of this year. I would be grateful if the decision on Keith is kept private and not shared further until then.

A handwritten signature in black ink, reading "John P. Glen" with a stylized flourish underneath.

JOHN GLEN