



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

Harriett Baldwin MP
Chair of the Treasury Committee
House of Commons
London
SW1A 0AA

6 October 2023

Dear Harriett,

EDINBURGH REFORMS

Thank you for your letter of 6 September requesting an update on the delivery of the Edinburgh Reforms.

I launched the landmark Edinburgh Reforms on 9 December 2022, as part of my commitment to set the UK's financial services sector up for another century of success.

My focus since has been squarely on delivery, working closely with the Economic Secretary and City Minister, Andrew Griffith MP, and in partnership with stakeholders across the sector. The Government has already delivered many of the commitments set out in the Edinburgh Reforms, and implementation continues at pace. Please find attached a full breakdown, as requested. I provided a substantial update as part of my Mansion House speech on 10 July 2023. This included:

- Publishing near final legislation to reform the UK's prospectus regime on 11 July 2023, delivering the recommendations as made in Lord Hill's UK Listing Review;
- Accepting all of the recommendations made to government by the Independent Investment Research Review, chaired by Rachel Kent; and
- Publishing a draft Statutory Instrument to deliver a regulatory framework for a UK consolidated tape by the end of 2023.

Other key milestones include:

- Bringing forward legislation in December 2022 and March 2023 to implement reforms recommended in the Wholesale Markets Review;
- on 7 February 2023, launching a consultation on a UK retail central bank digital currency alongside the Bank of England; and,
- Launching the updated Green Finance Strategy on 30 March 2023.



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I would, of course, be happy to provide further detail at your request. The Economic Secretary and I look forward to working closely with the Committee as we continue to deliver this vital reform programme at pace.

Best wishes,

RT HON JEREMY HUNT MP
Chancellor of the Exchequer



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Summary: Edinburgh Reforms Implementation

Commitment	Status	Planned completion date
A competitive marketplace promoting effective use of capital		
Reforming the Ring-fencing Regime for Banks.	In progress - The Government published a draft Statutory Instrument for consultation on 28 September on a package of reforms to improve the ring-fencing regime. - Alongside that, the Government has undertaken a Call for Evidence on aligning the ring-fencing and resolution regimes in the longer term, which concluded on 7 May 2023. The Government published a summary of responses to the Call for Evidence on 28 September.	The consultation on draft legislation will close on 26 November. The Government intends to introduce the SI in early 2024. The Government intends to set out publicly a policy response to the Call for Evidence on aligning the ring-fencing and resolution regimes in the first half of 2024.
Issuing new remit letters for the PRA and FCA with clear, targeted recommendations on growth and international competitiveness.	Delivered The Government published the remit letters on 9 December 2023, alongside the Edinburgh Reforms announcement.	The Government has delivered this commitment.
Publishing the plan for repealing and reforming EU law using powers within FSMA 2023, building a smarter regulatory framework for the UK.	Delivered HMT published a Policy Statement and illustrative SI on 3 December 2022.	The Government has delivered this commitment.



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Overhauling the UK's regulation of prospectuses.	In progress The Government published a final SI on 11 July 2023 (subject to technical comments) to repeal the EU-retained Prospectus Regulation and implement an entirely new regime for public offers and admissions. These landmark reforms are being taken forward in response to Lord Hill's UK Listing Review.	The Government intends to lay the SI by the end of 2023.
Reforming the Securitisation Regulation.	In progress - The Government published a near-final SI on 11 July 2023 alongside Mansion House. - The PRA and FCA began consulting on securitisation reforms in late July and early August 2023 respectively, and these consultations will close in October 2023.	The Government will lay its first SI to deliver the reforms by the end of 2023, with a further SI making technical changes planned for 2024.
Repealing the Packaged Retail and Insurance-based Investment Products (PRIIPs) Regulation, and consulting on a new	In Progress As part of the Mansion House package, on 10 July 2023, the Government published its response to its consultation which sought views on the government's plans to revoke the PRIIPs Regulation and a proposed alternative framework for retail disclosure.	The Government intends to publish a draft SI before the end of 2023.



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direction for retail disclosure.		
Intending to repeal EU legislation on the European Long-Term Investment Fund (ELTIF), reflecting that the new UK Long-Term Asset Fund (LTAF) provides a better fund structure for the UK market.	Delivered Commencement Regulations to repeal EU legislation on ELTIF were made on 10 July 2023 as part of the Mansion House package.	The Government has delivered this commitment.
Launching a Call for Evidence on reforming the Short Selling Regulation.	Delivered - The Government published its Call for Evidence in December 2022, and its response on 11 July 2023, as part of the Mansion House package. - The Government launched its subsequent consultation on aspects of the short selling regime related to sovereign debt and credit default swaps on 11 July 2023, as part of the Mansion House package. The consultation closed on 7 August 2023.	The Government has delivered this commitment. It is analysing responses to the follow-up consultation and will publish a formal response in due course. The Government will publish a draft SI by the end of 2023. The Government plans to lay this SI in 2024, subject to Parliamentary time. The Government has delivered this commitment.
Publishing a draft SI to demonstrate how the new powers being taken forward in the FSM Bill will	Delivered The Government published the draft SI on 4 December 2022.	



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be used to ensure that the FCA has sufficient rulemaking powers over its retained EU payments legislation.	The Government then laid the SI on 12 July 2023, as part of the Mansion House package.	
Consulting on removing burdensome customer information requirements set out in the Payment Accounts Regulations (PARs) 2015.	Delivered - The Government published its consultation on 9 December 2022 as part of the Edinburgh Reforms. The consultation closed on 17 February 2023. - The Government published its response on 11 July 2023, as part of the Mansion House package.	The Government laid a commencement order to repeal this REUL on 11 July.
Welcoming the PRA consultation on removing rules for the capital deduction of certain non-performing exposures held by banks.	Delivered The Government welcomed the PRA's consultation alongside the Edinburgh Reforms.	The PRA's consultation closed in June 2023, and the Government looks forward to the outcome.
Bringing forward secondary legislation to implement Wholesale Markets Review reforms.	Delivered - The Markets in Financial Instruments (Investor Reporting) (Amendment) Regulations 2022 removes burdensome EU requirements related to reporting rules and was laid on 9 December 2022. - The Financial Services and Markets Act 2000 (Commodity Derivatives and Emission Allowances) Order 2023 removes burdens for firms trading	The Government has delivered this commitment.



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	commodity derivatives as an ancillary activity. It was made on 17 May 2023.	
Establishing an Accelerated Settlement Taskforce.	Delivered • The Government established the taskforce and appointed Charlie Geffen as chair. • The Government has asked Charlie Geffen to publish his initial findings by December 2023, and to make recommendations by December 2024.	The Government has delivered this commitment.
Committing to establish the independent Investment Research Review.	Delivered • Rachel Kent published the outcome of her review on 10 July 2023, making a series of recommendations to the government, FCA and industry. • At Mansion House, the Chancellor welcomed her report, and accepted all recommendations made to government	The Government has delivered this commitment.
Commencing a review into reforming the Senior Managers & Certification Regime in Q1 2023.	Delivered • The Government launched the Call for Evidence on 30 March 2023, alongside FCA/PRA joint discussion paper.	The Government has delivered this commitment.



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	The Government is currently assessing the responses alongside the regulators and will outline next steps in due course.	
Committing to having a regime for a UK consolidated tape in place by 2024.	In progress On 10 July 2023, the Government published SI to implement the commitment to develop a UK consolidated tape (CT), which will bring together market data from multiple platforms into one continuous feed.	The Government intends to lay the final SI by the end of 2023.
Consulting in early 2023 on issuing new guidance on Local Government Pension Scheme asset pooling.	In progress The Government launched its consultation on 11 July 2023 as part of the Mansion House package. The consultation will close on 2 October 2023.	The consultation remains open until 2 October. DLUHC will then analyse responses and set out next steps.
Increasing the pace of consolidation in Defined Contribution pension schemes.	In progress The Government, FCA and the Pensions Regulator published their consultation response on a new Value for Money (VfM) Framework for DC schemes on 11 July 2023 after Mansion House.	The VfM framework will require primary legislation and we intend to consult on draft regulations and FCA rules for the detailed requirements.
From April 2023, improving the tax rules for Real Estate Investment Trusts (REITs).	Delivered Legislated via Finance (No.2) Act 2023. The changes came into effect in April 2023.	The Government has delivered this commitment.



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Announcing changes to the Building Societies Act 1986.	In progress - The Government is continuing to progress drafting and laying of legislation to make the announced changes. - Baroness Penn issued a Written Ministerial Statement on 21 September 2023 to notify Parliament of the need to use primary as well as secondary legislation to make the announced amendments to the Building Societies Act 1986. This will be taken forward when Parliamentary time allows.	The Government continues to progress the legislation and will set out updated timings in due course.
Delivering the outcomes of the Secondary Capital Raising Review.	In progress - Mark Austin published the outcome of his review in July 2022, making a series of recommendations to the government, FCA and to industry. - The Government has accepted all the recommendations addressed to it, including the establishment of a new independent Digitisation Taskforce, focusing on dematerialisation of paper share certificates, led by Sir Douglas Flint. Sir Douglas' taskforce published an interim report alongside Mansion House on 10 July 2023. The FCA and the industry-led Pre-Emption Group have both also responded to the recommendations made to them in the SCRR.	The Government intends to deliver on the final remaining measures in the SCRR when parliamentary time allows.



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Consulting on reform to the VAT treatment of fund management.	In progress - The Government published its consultation on the VAT treatment of fund management response as part of the Edinburgh Reforms. - We are currently drafting the summary of responses and will publish this in due course.	Summary of responses to be published in due course.
A world leader in sustainable finance		
Publishing an updated Green Finance Strategy in early 2023.	Delivered The Government published the updated Green Finance Strategy on 30 March 2023.	The Government has delivered this commitment.
Consulting in Q1 2023 on bringing Environmental, Social, and Governance ratings providers into the regulatory perimeter.	Delivered The Government published this consultation on 30 March 2023. It closed on 30 June 2023.	The Government has delivered this commitment. Responses are being analysed and next steps will be set out in due course.
A sector at the forefront of technology and innovation		
Consulting on a UK retail central bank digital currency alongside the Bank of England in the coming weeks.	Delivered The Government launched this consultation on 7 February 2023. It closed on 30 June 2023.	The Government has delivered this commitment. Responses are being analysed and next steps will be set out in due course.
Publishing a response to the consultation on	Delivered	The Government has delivered this commitment.



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expanding the Investment Manager Exemption to include cryptoassets.	- The Government published its response to the consultation on 9 December 2022. - The relevant HMRC regulations were made on 19 December 2022.	
Implementing a Financial Market Infrastructure Sandbox in 2023.	In progress - The Government launched its consultation on the first FMI Sandbox, the 'Digital Securities Sandbox' (DSS), on 11 July 2023. It closed 22 August 2023. - HMT will publish a response to the DSS consultation this Autumn and will lay an SI to set up the legal framework for the DSS later this year.	The Government intends to implement the DSS by the end of 2023. The Government continues to analyse responses and will set out next steps in due course.
Working with the regulators and market participants to trial a new class of wholesale market venue which would operate on an intermittent trading basis.	In progress The Government continues to work closely with the FCA and industry on the development of the Intermittent Trading Venue (ITV).	The Government announced at Mansion House that the ITV will be up and running before the end of 2024.



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Commitment	Status	Delivering for consumers & businesses	Planned completion date
Consulting on Consumer Credit Act (CCA) Reform.	Delivered - The Government launched its consultation on 9 December 2022 as part of the Edinburgh Reforms. - The Government published its response on 11 July 2023 as part of Mansion House.	The Government has delivered this commitment and will consult on more detailed proposals in 2024.	
Laying regulations in early 2023 to remove well-designed performance fees from the pensions regulatory charge cap.	Delivered - The Government published a consultation response on 30 January 2023 confirming it intended to enact the regulations by Spring 2023. - The Government then laid regulations which came into force on 6 April 2023.	The Government has delivered this commitment.	
Committing to work with the FCA to examine the boundary between regulated financial advice and financial guidance.	In progress - The Government and the FCA continue to work together on the review. - The FCA published an update on the review on 3 August 2023, which included updated guidance to help firms move closer to the current boundary.	The Government continues to work with the FCA to examine the boundary between advice and guidance. This includes ongoing sessions of both industry and consumer working groups as well as the upcoming publication of a policy paper.	



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Commitment	Status	Planned completion date
	In Autumn, the Government and FCA will publish a joint policy paper to summarise potential options for reform and will invite industry to share their views further.	

