



House of Commons
Treasury Committee

The work of the Sub- Committee on Financial Services Regulations: January 2024

Fourth Report of Session 2023–24

*Report, together with formal minutes relating
to the report*

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The Treasury Committee

The Treasury Committee is appointed by the House of Commons to examine the expenditure, administration, and policy of HM Treasury, HM Revenue and Customs and associated public bodies.

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[John Baron MP](#) (*Conservative, Basildon and Billericay*)

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[Siobhain McDonagh MP](#) (*Labour, Mitcham and Morden*)

[Anne Marie Morris MP](#) (*Conservative, Newton Abbot*)

Current membership of the Sub-Committee on Financial Services Regulations

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[John Baron MP](#) (*Conservative, Basildon and Billericay*)

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Committee staff

The current staff of the Committee are Morenike Alamu (Committee Operations Officer), Bayley Hockham (on secondment from the Bank of England), Timothy Holmes (on secondment from HM Revenue & Customs), Dan Lee (Senior Economist), Aruni Muthumala (Senior Economist), Dixsha Patel (on secondment from the Financial Conduct Authority), Cameron Reckitt (on secondment from the National Audit Office), Dominic Stockbridge (Second Clerk), Adam Wales (Chief Policy Adviser), David Weir (Clerk), Maciej Wenerski (Committee Operations Manager), Richard Whisker (on secondment from the Bank of England), and Marcus Wilton (Senior Economist).

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1 Remit and approach of the Sub-Committee

1. We set up the Treasury Sub-Committee on Financial Services Regulations (‘the Sub-Committee’) in June 2022 to examine changes to regulations proposed by the Financial Conduct Authority (FCA), the Bank of England, the Prudential Regulation Authority (PRA) or the Payment Systems Regulator (PSR).
2. The Sub-Committee takes a targeted approach to scrutinising proposed regulations put forward by these regulators. It has agreed to consider regulatory proposals which:
 - have been put forward by a regulator for which the Treasury Committee has oversight responsibility;
 - are at consultation stage, when the Sub-Committee could best exert influence; and
 - contain a draft text which has legal effect.
3. When reviewing such proposals, the Sub-Committee considers the following factors in determining the degree of additional scrutiny warranted:
 - does it have a significant impact on consumers?
 - does it have a significant disproportionate cost for firms?
 - does it incorporate any politically significant proposals?
 - is it a new activity that has not been regulated before?
4. The Sub-Committee takes a view on what form of additional scrutiny is appropriate for each regulatory proposal consultation, and is a forum for oral evidence when merited. Depending on the subject, external deadlines, and the amount of oral and written evidence the Sub-Committee decides to take, an inquiry may give rise to a report to the House, published by the Treasury Committee. Other inquiries may simply consist of oral evidence without a report. Furthermore, the Treasury Committee may choose to raise issues relating to proposals considered by the Sub-Committee—such as the broader regulatory approach—with the relevant regulators during its regular scheduled accountability sessions.¹
5. The Sub-Committee will also, from time to time, consider draft affirmative Statutory Instruments (SIs) laid by the Government in relation to the Edinburgh Reforms and financial services regulation more widely. The Sub-Committee indicated its intention to look at such SIs in correspondence with the Economic Secretary to the Treasury.²

1 In our routine work, we hold regular oral evidence sessions with the FCA and the PSR and PRA. We also hold evidence sessions with the Bank of England after the publication of every Monetary Policy and Financial Stability Report.

2 Treasury Sub-Committee on Financial Services Regulations, [Correspondence from the Chair to the Economic Secretary to the Treasury, relating to the illustrative statutory instruments published as part of the Edinburgh Reforms, dated 31 January \(22 February 2023\)](#); Treasury Sub-Committee on Financial Services Regulations, [Correspondence from the Economic Secretary to the Treasury, relating to the illustrative statutory instruments published as part of the Edinburgh Reforms, dated 13 February \(22 February 2023\)](#)

6. The Sub-Committee continues to hold a sifting meeting around once every two months, and publish Reports regularly. Each Report will include a rolling Annex, outlining all the proposals the Sub-Committee has looked at during the current Session, and will be published on both the Sub-Committee and Treasury Committee's websites.

7. This is the fourth such Report on the work of the Sub-Committee on Financial Services Regulations. It covers the period of the Committee's work in the period between July 2023 and January 2024.

Specialist Advisers

8. Under Standing Order No. 152(4)(b), the Treasury Committee appointed two Specialist Advisers to assist the work of the Sub-Committee. Sue Lewis and Simon Gleeson were appointed on 22 September 2022, and reappointed in September 2023.

9. Simon Gleeson is a former partner and consultant at Clifford Chance in London. His experience includes advising governments, regulators and public bodies as well as banks, investment firms, fund managers and other financial institutions on a wide range of financial services regulatory issues. He was the lead legal advisor to the main UK banking and financial services industry bodies regarding Brexit.

10. Previously a senior Treasury official, Sue Lewis is an independent board member and consultant specialising in financial services consumer issues. She is on the boards of Surviving Economic Abuse and the International Longevity Centre, and a lay member of the Institute and Faculty of Actuaries Regulatory Board. Her previous experience includes chairing the FCA's independent Financial Services Consumer Panel and Trustee Director at The People's Pension. Sue also advises international organisations on financial education, financial inclusion, and financial services consumer protection regulation.

Other developments relevant to the Sub-Committee

Treasury Committee Report on the Edinburgh Reforms

11. On 9 December 2022 the Rt Hon. Jeremy Hunt MP, Chancellor of the Exchequer, announced a package of measures to reform the UK's financial services rules. These measures were referred to as the Financial Services "Edinburgh Reforms."³ Several were to be implemented by regulatory changes subject to consultation, and were consequently subject to scrutiny by the Sub-Committee.

12. On 8 December 2023 we published a Report examining overall progress on the Edinburgh Reforms, based in part on HM Treasury analysis provided to us.⁴ We found that while some reforms had been achieved, others had not yet been delivered despite claims to the contrary, while some could not necessarily be considered reforms at all. The Sub-Committee will continue to scrutinise components of the Edinburgh Reforms package as they come to consultation.

3 [Gov.uk](https://www.gov.uk), accessed 11 November 2023

4 Treasury Committee: [Edinburgh Reforms One Year On: Has Anything Changed?](#), Second Report of Session 2023–24, HC 221

Establishment of a Lords Committee on financial services regulation

13. Under the terms of the Financial Services and Markets Act 2023, a new duty has been imposed on Regulators to provide copies of consultations on financial services regulations to a select committee in each House of Parliament, or a joint committee should one exist. The duty applies to consultations issued by the Financial Conduct Authority (FCA), Prudential Regulation Authority (PRA), Payment Systems Regulator (PSR), and the Bank of England in respect of rules relating to central counterparties and central securities depositories.⁵

14. Our Sub-Committee will continue to receive consultations on behalf of the House of Commons, as it did before any legislative requirement was enacted. The House of Lords has agreed to establish its own committee on financial services regulations.⁶ We note that a Lords Liaison Committee Report states that “it would be desirable” for the new committee to “avoid duplication and instead aim for complementarity”.⁷ Our Sub-Committee will continue to carry out its scrutiny of new regulatory consultations as and when they are published. The full Committee will naturally continue to consider the wider context of the regulators work, as it has always done. Consideration of the existing acquis could prove a rich seam of work for the Lords Committee.

5 [Financial Services and Markets Act 2023](#), section 38, section 50(14), and paragraph 13 of Schedule 7

6 Liaison Committee, House of Lords, [A committee on financial services regulations](#), HL Paper 267. The Report’s recommendations were approved by the House of Lords on 4 December 2023.

7 Liaison Committee, House of Lords, [A committee on financial services regulations](#), HL Paper 267, para 15.

2 Sift meetings and decisions

July 2023 sift

15. At its meeting on 18 July 2023, the Sub-Committee considered the proposals set out in Table 1, and reached the following decisions:

Table 1

Consultation Paper	Sub-Committee decision
PRA (CP10/23) Solvent exit planning for non-systemic banks and building societies	Seek oral evidence on the consultation
PRA (CP12/13) Review of Solvency II: Adapting to the UK insurance market	Seek oral evidence on the consultation
FCA (CP23/15) The Framework for a UK Consolidated Tape	Write to the Chancellor of the Exchequer and the FCA

PRA (CP10/23): Solvent exit planning for non-systemic banks and building societies

16. The solvent exit scheme proposed in the consultation constituted a significant change in the management of failing small banks. We took oral evidence from the Prudential Regulation Authority (PRA) on 13 September 2023, noting the context of the collapse of Silicon Valley Bank in March 2023, which, despite being non-systemic, had caused significant repercussions. At that session, Sam Woods, Chief Executive of the PRA, explained his belief that facilitating solvent exit would benefit shareholders as there was less destruction of assets than under insolvent exit. He added that the resolution of Silicon Valley Bank had gone “well” in “an extremely high-pressure and very rapid situation”, and that its collapse had “made clear to us the level of concern and discomfort there might have been around discontinuity of access to current accounts for both business and potentially individuals”. He said that “to get better” at solvent exit for non-systemic banks could assist in reducing such risks.⁸

PRA (CP12/23): Review of Solvency II: Adapting to the UK insurance market

17. The Solvency II regime governs the prudential regulation of insurance firms in the UK. This wide-ranging PRA consultation included a number of proposals for reform of Solvency II, in accordance with the Government’s priorities.⁹ In oral evidence on 12 September 2023, we asked the PRA about subjects including:

- a) the time taken to implement the Government’s desired reforms, and when any resulting economic benefit might be felt;

⁸ Oral evidence taken on 13 September 2023, HC (2022–23) 1139, Qq49–60

⁹ HM Treasury, [Review of Solvency II: Consultation -- Response](#), November 2022

- b) the possible effect on UK investment resulting from changes to the Matching Adjustment¹⁰;
- c) benefits and risks to insurance policyholders arising from the reforms; and
- d) the effect of reforms on costs accrued to industry and whether, if these reduced, any such reduction should be passed onto consumers.¹¹

We will continue to monitor the reforms as they progress over the year ahead.

FCA (CP23/15) The Framework for a UK Consolidated Tape

18. The FCA proposed a regulatory framework to enable the establishment of a single Consolidated Tape for bonds.¹² The proposed framework allowed for one provider to be chosen through a tender process, essentially creating a monopoly.

19. We wrote to the Chancellor of the Exchequer on 25 July 2023 asking why he considered intervening to establish a monopoly was the correct policy, rather than allowing the market to provide the service. He replied that market participants had highlighted a need for more and easier market data access. He argued that industry engagement suggested it was unlikely that a tape would emerge in an open market, justifying a more interventionist approach.¹³

20. We also wrote to the FCA to ask whether it had analysed why no consolidated tape had emerged in the market without intervention, and what assessment it made of the costs and benefit of allowing more than one tape to emerge in competition. The FCA said that current regulations offered few benefits or commercial incentives to operators of a tape. It set out in more detail the relative advantages and disadvantages of having multiple or single tapes. It noted that a review of the proposed regulatory framework would take place halfway through the first five-year contract for a single tape.¹⁴

10 Reform of the Matching Adjustment is subject to separate consultation, which was considered by the Sub-Committee in October 2023: see [CP19/23 Review of Solvency II: Reform of the Matching Adjustment](#), 28 September 2023

11 Oral evidence taken on 13 September 2023, [HC \(2022–23\) 1139](#)

12 Financial Conduct Authority, [CP23/15: The Framework for a UK Consolidated Tape, July 2023](#), p.3, para 1.6

13 [Correspondence with the Chancellor of the Exchequer relating to FCA CP23/15](#), dated 25 July 2023; [Correspondence from the Chancellor of the Exchequer relating to FCA CP23/15](#), dated 7 August 2023

14 [Correspondence with the Financial Conduct Authority relating to FCA CP23/15](#), dated 25 July 2023; [Correspondence from the Financial Conduct Authority relating to FCA CP23/15](#), dated 25 August 2023

October 2023 sift

21. At its meeting on 17 October 2023, the Sub-Committee considered the proposals set out in Table 2, and reached the following decisions:

Table 2

Consultation Paper	Sub-Committee decision
FCA (CP23/20) Diversity and inclusion in the financial sector - working together to drive change	Include consultation as part of ongoing inquiry
PRA (CP18/23) Diversity and inclusion in PRA-regulated firms	Include consultation as part of ongoing inquiry
FCA (CP23/21) Consumer Credit - Product Sales Data Reporting	Write to FCA
PRA (CP15/23) Securitisation: General requirements	Seek oral evidence on the consultation
FCA (CP23/17) Rules relating to Securitisation	No further immediate action
PRA (CP14/23) Pillar 3 remuneration disclosure	No further immediate action
PRA (CP16/23) Updating UK Technical Standards on the identification of global systemically important institutions	No further immediate action
FCA (CP23/18) Quarterly Consultation: September 23, No. 41	No further immediate action
FCA (CP23/19) Future Regulatory Framework, the Insurance Distribution Directive	No further immediate action
PRA (CP17/23) Capitalisation of foreign exchange positions for market risk	No further immediate action

FCA (CP23/20) and PRA (CP18/23), relating to diversity and inclusion

22. Following the publication of a discussion paper in 2021,¹⁵ the FCA and PRA consulted on measures that would require certain firms within the regulatory ambit to

- a) establish, implement and maintain a diversity and inclusion strategy;
- b) collect, report and disclose certain diversity and inclusion data; and
- c) determine and set appropriate diversity targets.

¹⁵ See, for example, Prudential Regulation Authority, [DP2/21: Diversity and inclusion in the financial sector](#), 7 July 2021

Firms with fewer than 251 employees would be exempt, as they are from wider Government requirements on pay gap reporting. The consultation suggested a one-off cost of £561 million across the whole sector, with average ongoing costs of approximately £102,500 a year for large firms, and less than £30,000 for small firms.¹⁶

23. In July 2023 the Treasury Committee launched an inquiry into *Sexism in the City*, which is ongoing.¹⁷ Questions about the regulators' proposals have been included as part of that inquiry and its terms of reference.

FCA (CP23/17) Rules relating to Securitisation and PRA (CP15/23) Securitisation: General requirements

24. The FCA and the PRA both published concurrent consultations on changes to their rules around securitisations, as part of their process of moving onshored legacy EU rules into their rulebooks. Both regulators stated in their consultations that the proposed new rules “would largely preserve current requirements.”¹⁸

25. We wrote to the FCA asking whether its proposed changes would allow the UK to expand its securitisation market, and whether the changes would facilitate lower borrowing costs for UK firms. We will publish this correspondence and the FCA's response in due course.

January 2024 sift

26. At its meeting on 9 January 2024 the Sub-Committee considered the proposals set out in Table 3, and reached the following decisions:

Table 3:

Consultation Paper	Sub-Committee decision
FCA (CP23/29) Access to cash	Seek oral evidence on the consultation
Bank of England Consultation on the codes of practice for wholesale cash distribution market oversight	Seek oral evidence on the consultation
PRA (CP26/23) Operational resilience: Critical third parties to the UK financial sector	Seek oral evidence on the consultation on the work of the PRA
PRA (CP19/23) Review of Solvency II: Reform of the Matching Adjustment	Seek oral evidence on the consultation on the work of the PRA

16 Financial Conduct Authority, [Diversity and inclusion in the financial sector -- working together to drive change \(CP23/20\)](#), September 2023, p.54. The average cost to small firms varies depending on the activities they undertake

17 Treasury Committee, [‘Sexism in the City’](#), accessed 12 January 2024

18 Financial Conduct Authority: [CP23/17 Rules relating to Securitisation](#), August 2023 and Prudential Regulation Authority: [CP15/23 – Securitisation: General requirements](#), July 2023

Consultation Paper	Sub-Committee decision
FCA (CP23/24) Capital deduction for redress: personal investment firms	Seek oral evidence on the consultation
PRA (CP23/23) Identification and management of step-in risk, shadow banking entities and groups of connected clients	Seek oral evidence on the consultation on the work of the PRA
FCA (CP23/26) Implementing the Overseas Funds Regime (OFR)	Write to FCA
FCA (CP23/28) Updating the regime for Money Market Funds	Write to FCA
PRA (CP20/23) Ring-fenced bodies: managing risks from third-country subsidiaries and branches	No further action
FCA (CP23/27) Reforming the commodity derivatives regulatory framework	Write to FCA

FCA (CP23/29): Access to Cash; and the Bank of England consultation on the codes of practice for wholesale cash distribution market oversight

27. The Financial Services and Markets Act 2023 requires the FCA to “[seek] to ensure reasonable provision” of cash deposit and withdrawal services for personal and business current accounts across the UK. Non-exhaustively, the proposed regime would require designated firms to:

- a) undertake cash access assessments to determine whether additional cash access services are required to address local deficiencies as a result of a material reduction or change in service;
- b) respond to cash access requests from local residents;
- c) ensure they do not close cash facilities, including bank branches, until any additional cash services identified as needed in the relevant assessment are available; and
- d) provide customers with clear information about where they can access cash services and how to raise concerns about a deficiency in cash access in their local area.

The scope of the consultation does not extend to wider issues relating to closure of bank branches, or to the acceptance of cash by businesses.

28. Given the possible impact of changes in cash access rules on businesses and communities, as well as on the financial sector, we will seek oral evidence on the consultation. We will seek to consider the Bank of England's consultation on codes of practice for wholesale cash distribution market oversight at the same evidence session.¹⁹

PRA: CP26/23: Operational resilience: Critical third parties to the UK financial sector

29. Critical third parties (CTPs) are organisations or persons that HM Treasury has designated as critical because their failure could threaten the stability of, or confidence in, the UK financial system. Examples include cloud web service providers. Regulators can impose duties on CTPs, direct them to take actions, and carry out enforcement should a CTP fail in those duties and actions. HM Treasury has not yet designated any CTPs; the consultation expects that 20 entities may eventually be designated.²⁰

30. The PRA's consultation on CTP resilience would result in a joint regulators' supervisory statement to set out how CTPs should comply with requirements placed upon them. It would also set requirements for CTPs in Bank and PRA Rulebooks and FCA Handbook.

31. We will seek to raise the consultation as part of upcoming oral evidence on the work of the PRA.

PRA: CP19/23: Review of Solvency II: Reform of the Matching Adjustment

32. Reform of the Matching Adjustment is an important part of changes to Solvency II, alongside those considered in our July sift.

33. Widening the range of investment able to be included in Matching Adjustment portfolios will reduce the amount of capital an insurer has to hold. This represents a significant change to the insurance market. The consultation states that changes will affect all Solvency II firms, the Society of Lloyd's including its members and managing agents, and all insurance and reinsurance undertakings that have a UK branch and have applied to use the Matching Adjustment.²¹ Given the significance of these changes, we will therefore seek to raise this consultation as part of upcoming evidence on the work of the PRA.

FCA: CP23/24: Capital deduction for redress: personal investment firms

34. Personal investment firms (PIFs) are firms that mainly provide advice and arrange deals in retail investment and pensions products. PIFs are subject to prudential regulation by the FCA. The FCA's consultation proposes strengthening its prudential requirements on PIFs, so that they hold more capital for redress. This is because some £757 million of the £973 million that consumers received in redress from the Financial Services

19 Bank of England, [Consultation on the codes of practice for wholesale cash distribution market oversight](#), 30 November 2023

20 Prudential Regulation Authority, [CP26/23 Operational resilience: Critical third parties to the UK financial sector](#), 7 December 2023

21 Prudential Regulation Authority, [CP19/23: Review of Solvency II: Reform of the Matching Adjustment](#), 28 September 2023

Compensation Scheme between 2016 and 2022 resulted from PIFs leaving the market. FCA analysis suggests that a very small proportion of PIFs was responsible for the majority of this redress.²²

35. The FCA seeks to ensure that PIFs hold more capital—a minimum of 28 per cent—against their potential redress liabilities, moving more towards a ‘polluter pays’ approach. Given this could be costly for PIFs, most of which are not causing significant problems, the Committee will seek oral evidence on the consultation.

PRA CP23/23: Identification and management of step-in risk, shadow banking entities and groups of connected clients

36. Step-in risk is the risk that a bank provides financial support to an unconsolidated entity that is facing stress, in the absence of, or in excess of, any contractual obligations to provide such support. The PRA is proposing a regulatory framework around how firms manage step-in risk. This includes requiring firms to undertake regular assessments to ensure they identify and manage step-in risk, consider mitigative action, and evaluate the assessment they make.²³

37. As this is a new area of rule-making, we will seek to consider the consultation as part of upcoming oral evidence on the work of the PRA.

Further correspondence

38. We will write to the FCA with questions on each of the following consultations:

- a) **FCA CP23/26: Implementing the Overseas Funds Regime (OFR):** including to ascertain the FCA’s views regarding HM Treasury responsibility for equivalence decisions;
- b) **FCA CP23/28: Updating the regime for Money Market Funds:** including to ask about the effect of the measures on UK-based MMFs international competitiveness;
- c) **FCA CP23/27 Reforming the commodity derivatives regulatory framework:** to ask whether the proposed reforms could have prevented events in March 2022 at London Metal Exchange associated with nickel trading.²⁴

22 Financial Conduct Authority, [CP23/24: Capital deduction for redress: personal investment firms](#), November 2023

23 Prudential Regulation Authority, [CP23/23: Identification and management of step-in risk](#), 5 December 2023

24 Financial Times, [‘The day nickel trades gave LME a rude awakening’](#), 21 June 2023

3 Continuing work

Further work arising from the June 2023 sift

Multi-occupancy building insurance

39. The Sub-Committee took oral evidence on CP23/8, an FCA consultation relating to multi-occupancy building insurance.²⁵ The cost of insurance for multi-occupancy buildings has increased significantly since the Grenfell Tower fire in 2017. The consultation included proposals intended to support residents in multi-occupancy buildings by requiring leaseholders to be given more information about the insurance they receive. The proposal would seek expressly to include leaseholders as ‘customers’ for the purposes of the FCA’s rules. This would require insurers and brokers to show how they have considered the interests of leaseholders when designing, pricing and distributing their products, as well as ensure that the product provides fair value to leaseholders as well as any other customers.

40. We took evidence from the Leasehold Advisory Service, the Financial Services Consumer Panel and the FCA.²⁶ We thereafter wrote to the Secretary of State for Levelling Up, Housing and Communities to clarify:

- a) the timeframe for any required legislation to ban commissions on building insurance being paid to landlords and freeholders; and
- b) the work being undertaken to manage commissions to freeholders for services besides insurance over which leaseholders had no control.²⁷

In his response on 22 September, the Secretary of State confirmed his intention to ban commissions on insurance premiums being passed onto leaseholders.²⁸ This has since been included in the Government’s Leasehold and Freehold Reform Bill.²⁹

Cost-benefit analyses

41. The Sub-Committee noted that the Financial Services and Markets Act 2023 made provision for Cost Benefit Analysis [CBA] Panels “dedicated to supporting the development of the regulators’ CBA [...] The CBA Panels will also be able to review the regulators’ CBA methodology and processes by examining published CBAs”.³⁰ The Committee wrote to the FCA to ask how they intended to implement the requirement for Panels, and change their processes to make best use of the Panel once constituted.³¹ In their response, the FCA told us they were in the process of recruiting panel members. The panel would review a draft CBA and provide feedback, and then be sent a final CBA for further comment before

25 Financial Conduct Authority, CP23/8: [Multi-occupancy building insurance](#), 21 April 2023 [accessed 23 June 2023]

26 [Oral evidence taken on 12 July 2023](#), HC (2022--23) 1711

27 Treasury Sub-Committee on Financial Services Regulations, [Correspondence with the Secretary of State for Levelling Up, Housing and Communities](#), 25 July 2023

28 Treasury Sub-Committee on Financial Services Regulations, [Correspondence from the Secretary of State for Levelling Up, Housing and Communities](#), 22 September 2023

29 [Leasehold and Freehold Reform Bill](#), Clauses 31 and 32 [Bill 13, 2023 –24]

30 [Explanatory Notes to the Financial Services and Markets Bill](#) [Bill 146 [2023–23] - EN], para 1000

31 Treasury Sub-Committee on Financial Services Regulations, [Correspondence with the Financial Conduct Authority relating to Cost Benefit Analysis](#), dated 30 June 2023

its publication. The FCA expected the new panel to produce an annual report, including explaining any areas where the CBA Panel's opinion on an analysis differed from the FCA teams involved in preparing it.³²

Further work arising from the December 2022 sift

42. We took oral evidence on 22 February 2023 relating to FCA CP22/20: Sustainability Disclosure Requirements (SDR) and investment labels, which we first considered during our December 2022 sift. We then wrote to the FCA to ask for more detail regarding enforcement and international convergence.³³

43. The FCA published its final policy statement in November 2023, recognising the concerns raised by the Sub-Committee.³⁴ This included a specific annex on international compatibility.³⁵

Further work arising from the October 2022 sift

PSR CP22/4 - Authorised push payment (APP) scams: Requiring reimbursement

44. The Sub-Committee's previous reports summarise the work we have undertaken so far to scrutinise the Payment Systems Regulator's (PSR's) proposed approach to requiring banks to reimburse victims of Authorised Push Payment fraud.³⁶ This has included:

- a) consideration of the PSR's initial proposal, PSR CP22/4, at our October 2022 Sub-Committee meeting;
- b) receiving oral evidence in December 2022 from the PSR, Pay.UK (the industry body proposed in the consultation paper to undertake much of the work to design and deliver the mandatory reimbursement scheme), and the Financial Ombudsman Service;³⁷
- c) further exchanges of correspondence with regulators and others, as set out in our previous quarterly Report;³⁸ and
- d) the publication of a Report, [Scam reimbursement: pushing for a better solution](#).³⁹

32 Treasury Sub-Committee on Financial Services Regulations, [Correspondence from the Financial Conduct Authority relating to Cost Benefit Analyses](#), dated 14 July 2023

33 [Correspondence from the Chair to the FCA](#), dated 9 March 2023; [Correspondence from the FCA to the Chair](#), dated 23 March 2023

34 Financial Conduct Authority, '[Policy Statement: Sustainability Disclosure Requirements \(SDR\) and investment labels](#)', November 2023, page 77

35 Financial Conduct Authority, '[Policy Statement: Sustainability Disclosure Requirements \(SDR\) and investment labels](#)', November 2023, Annex 3

36 Treasury Committee, Fourteenth Report of Session 2022–23, [The work of the Sub-Committee on Financial Services Regulations](#), HC 952-I, Chapter 2

37 Oral evidence taken on 13 December 2022, [HC 939](#)

38 Treasury Committee, Fourteenth Report of Session 2022–23, [The work of the Sub-Committee on Financial Services Regulations](#), HC 952-I, Chapter 2

39 Treasury Committee, Thirteenth Report of Session 2022–23, [Scam Reimbursement: pushing for a better solution](#), HC 939

45. In October 2023 the PSR published a summary of how banks and other payment firms had performed in tackling APP scams during 2022. These performance figures therefore pre-date the upcoming final implementation of new rules on APP scam reimbursement. The PSR committed to publishing this data annually.⁴⁰

46. In December 2023 the PSR published its final policy statement relating to APP scams reimbursement. It confirmed that the maximum level of reimbursement per claim would be £415,000, with an excess of £100. It confirmed 7 October 2024 as the final date by which firms must comply with the new rules.⁴¹ We shall continue to monitor the effectiveness of the PSR's new policy on APP scam reimbursement over the period to come.

40 Payment Systems Regulator, ['PSR published first APP scams performance report'](#), 31 October 2023

41 Payment Systems Regulator, ['Policy statement: Fighting authorised push payment scams: final decision'](#), December 2023

Annex: Consultation Paper tracker, as of 9 January 2023

Sift	Regulator	Consultation Paper	Sub-Committee decision
Oct 22	PRA	PRA (CP6/22) Model risk management principles for banks	Not considered - does not meet Sub-Committee criteria
Oct 22	PRA	PRA (CP7/22) Credit Unions: Changes to the Regulatory Regime	No further immediate action
Oct 22	PRA	PRA (CP8/22) Remuneration: Unvested pay, Material Risk Takers and public appointments	Write to the PRA
Oct 22	PRA	PRA (CP9/22) Depositor Protection	No further immediate action
Oct 22	PRA	PRA (CP10/22) Insurance special purpose vehicles: Further updates to authorisation supervision	No further immediate action
Oct 22	PRA	PRA (CP13/22) Amendments to the PRA's approach to identifying other systemically important institutions (O-SIIs)	No further immediate action
Oct 22	PRA and FCA	PRA (CP11/22) and FCA (CP22/13) Margin requirements for non-centrally cleared derivatives: Amendments to BTS 2016/2251	No further immediate action
Oct 22	FCA	FCA (CP22/11) Winding down 'synthetic' sterling LIBOR and US dollar LIBOR	Not considered – does not meet Sub-Committee criteria
Oct 22	FCA	FCA (CP22/14) Broadening retail access to long-term asset funds	Write to the FCA
Oct 22	FCA	FCA (CP22/15) Calculating redress for non-compliant pension transfer advice	No further immediate action
Oct 22	FCA	FCA 22/16 Office for Professional Body Anti-Money Laundering Supervision: Sourcebook update	Not considered – does not meet Sub-Committee criteria
Oct 22	FCA	FCA (CP22/17) Quarterly Consultation No. 37	No further immediate action

Sift	Regulator	Consultation Paper	Sub-Committee decision
Oct 22	FCA	FCA (CP22/18) Guidance on the trading venue perimeter	No further immediate action
Oct 22	FCA	FCA (CP22/19) Creation of a baseline financial resilience regulatory return	No further immediate action
Oct 22	PSR	PSR (CP22/4) Authorised push payment (APP) scams: Requiring reimbursement	Write to the PSR, oral evidence session and report
Dec 22	PRA	PRA (CP12/22) Risks from contingent leverage	Write to the PRA on both CP12/22 and CP14/22
Dec 22	PRA	PRA (CP14/22) Review of Solvency II: Reporting phase 2	
Dec 22	FCA	PRA/FCA (CP22/20) Sustainability Disclosure Requirements (SDR) and investment labels	Write to the FCA, and oral evidence session Follow-up correspondence issued and published
Dec 22	FCA	FCA (CP22/21) Synthetic US dollar LIBOR	Not considered – does not meet Sub-Committee criteria
Dec 22	FCA	FCA (CP22/22) Proposed extended asset retention requirement for firms under the British Steel Pension Scheme consumer redress scheme	No further immediate action
Dec 22	FCA	FCA (CP22/24) Broadening access to financial advice for mainstream investments	Write to the FCA
Jan 23	PRA and FCA	PRA (CP15/22) and FCA (CP22/28) Remuneration: Ratio between fixed and variable components of total remuneration ('bonus cap')	Raise in oral evidence with the PRA
Jan 23	PRA	PRA (CP16/22) Implementation of the Basel 3.1 standards	Raise in oral evidence with the PRA Write to stakeholders
Jan 23	FCA	FCA (CP22/23) Regulatory fees and levies: policy proposals for 2023–24	Write to the FCA

Sift	Regulator	Consultation Paper	Sub-Committee decision
Jan 23	FCA	FCA (CP22/25) Proposed regulatory framework for pensions dashboard service firms	No further immediate action
Jan 23	FCA	FCA (CP22/26) Quarterly Consultation Paper No. 38	No further immediate action
Jan 23	FCA	FCA (CP22/27) Introducing a gateway for firms who approve financial promotions	Write to the FCA and HM Treasury
Jan 23	PSR	PSR (CP22/5) Authorised push payment scams Measure 1 Metric C process: revised approach	No further immediate action
Jan 23	PSR	PSR (CP22/6) PSR regulatory fees 2023–24	No further immediate action
March 23	FCA	FCA (CP23/1) Insurance guidance for the support of customers in financial difficulty	Write to the FCA
March 23	FCA	FCA (CP23/2) Streamlining our rules on structured digital reporting of financial statements	No further immediate action
March 23	FCA	FCA (CP23/4) Value for Money: A framework on metrics, standards, and disclosures	Not considered – does not meet Sub-Committee criteria
March 23	FCA	FCA (CP23/5) Debt packagers: feedback on CP21/30 and further consultation on new rules and perimeter guidance	Write to the FCA
March 23	PRA and FCA	FCA (CP23/3) and PRA (CP1/23) Financial Services Compensation Scheme - Management Expenses Levy Limit 2023/24	Write to the Financial Services Compensation Scheme
March 23	PRA	PRA (CP2/23) Moving Senior Managers Regime forms from the PRA Rulebook	No further immediate action
March 23	PRA	PRA (CP3/23) Dealing with insurers in financial difficulties	No further immediate action
Apr 2023	FCA	Quarterly Consultation Paper No. 39	No further immediate action
Apr 2023	PSR	Proposed revised penalty statement consultation	No further immediate action
Apr 2023	PRA	The Strong and Simple Framework: Liquidity and Disclosure requirements for Simple-regime Firms	Write to the PRA

Sift	Regulator	Consultation Paper	Sub-Committee decision
Apr 2023	PRA	Remuneration: Enhancing proportionality for small firms	No further immediate action
Apr 2023	PRA	The non-performing exposures capital deduction	No further immediate action
Apr 2023	FCA	Regulatory fees and levies: policy proposals for 2023/24	Write to the FCA
June 23	FCA	Multi-occupancy building insurance	Oral evidence taken, July 2023
June 23	FCA	Primary Markets Effectiveness Review -- Feedback to DP22/2 and proposed equity listing rule reforms	Not considered – does not meet Sub-Committee criteria
June 23	FCA	Strengthening Protections for Borrowers in Financial Difficulty: Consumer Credit and Mortgages	Raised with FCA during course of ongoing scrutiny, July and Dec 2023
June 23	FCA	Remuneration: enhancing proportionality for dual-regulated firms	No further immediate action
June 23	FCA	Expansion of the Dormant Assets Scheme - Second phase	No further immediate action
June 23	PRA	The Bank of England's approach to enforcement: proposed changes and clarifications	Raise with PRA during course of ongoing Committee scrutiny
June 23	PRA	Regulated fees and levies: Rates proposals 2023/24	No further immediate action
June 23	FCA	Changing the scope of the baseline financial resilience regulatory return	No further immediate action
June 23	FCA	Quarterly consultation - No 40	No further immediate action
June 23	FCA	Occasional paper April 2023	No further immediate action
July 2023	PRA	Solvent exit planning for non-systemic banks and building societies	Seek oral evidence on the consultation
July 2023	PRA	Review of Solvency II: Adapting to the UK insurance market	Seek oral evidence on the consultation
July 2023	PRA	PRA statement on the review of rules	Not considered – does not meet Sub-Committee criteria
July 2023	FCA	The Framework for a UK Consolidated Tape	Write to the Chancellor of the Exchequer and the FCA
Oct 2023	FCA	Diversity and inclusion in the financial sector - working together to drive change	Include consultation as part of ongoing inquiry
Oct 2023	PRA	Diversity and inclusion in PRA-regulated firms	Include consultation as part of ongoing inquiry

Sift	Regulator	Consultation Paper	Sub-Committee decision
Oct 2023	FCA/PRA	Margin requirements for non-centrally cleared derivatives: Amendments to BTS 2016/2251	Not considered – does not meet Sub-Committee criteria
Oct 2023	FCA	Consumer Credit - Product Sales Data Reporting	No further immediate action
Oct 2023	PRA	Securitisation: General requirements	No further immediate action
Oct 2023	FCA	Rules relating to Securitisation	No further immediate action
Oct 2023	PRA	Pillar 3 remuneration disclosure	No further immediate action
Oct 2023	PRA	Updating UK Technical Standards on the identification of global systemically important institutions	No further immediate action
Oct 2023	FCA	Quarterly Consultation: September 23, No. 41	No further immediate action
Oct 2023	FCA	Future Regulatory Framework, the Insurance Distribution Directive	No further immediate action
Oct 2023	PRA	Capitalisation of foreign exchange positions for market risk	No further immediate action
Jan 2024	FCA	Access to cash	Seek oral evidence on the consultation
Jan 2024	Bank of England	Consultation on the codes of practice for wholesale cash distribution market oversight	Seek oral evidence on the consultation
Jan 2024	PRA	Operational resilience: Critical third parties to the UK financial sector	Seek oral evidence on the consultation on the work of the PRA
Jan 2024	PRA	Review of Solvency II: Reform of the Matching Adjustment	Seek oral evidence on the consultation on the work of the PRA
Jan 2024	FCA/PRA	Prudential assessment of acquisitions and increase in control	Not considered – does not meet Sub-Committee criteria
Jan 2024	PRA	The PRA's approach to the authorisation and supervision of insurance branches	Not considered – does not meet Sub-Committee criteria
Jan 2024	FCA	Capital deduction for redress: personal investment firms	Seek oral evidence on the consultation
Jan 2024	PRA	Funded insurance	Not considered – does not meet Sub-Committee criteria
Jan 2024	PRA	The Prudential Regulation Authority's approach to policy	Not considered – does not meet Sub-Committee criteria
Jan 2024	Bank of England	Bank of England Levy Framework Document	Not considered – does not meet Sub-Committee criteria

Sift	Regulator	Consultation Paper	Sub-Committee decision
Jan 2024	PRA	Identification and management of step-in risk, shadow banking entities and groups of connected clients	Seek oral evidence on the consultation on the work of the PRA
Jan 2024	FCA	Implementing the Overseas Funds Regime (OFR)	Write to FCA
Jan 2024	FCA	Updating the regime for Money Market Funds	Write to FCA
Jan 2024	PRA	Ring-fenced bodies: managing risks from third-country subsidiaries and branches	No further action
Jan 2024	FCA	Reforming the commodity derivatives regulatory framework	Write to FCA

Formal minutes

Tuesday 30 January 2024

Members present

Harriett Baldwin, in the Chair

Dr Thérèse Coffey

Dame Angela Eagle

Stephen Hammond

Keir Mather

Anne Marie Morris

The work of the Sub-Committee on Financial Services Regulations: January 2024

Draft Report (*The work of the Sub-Committee on Financial Services Regulations: January 2024*), proposed by the Chair, brought up and read.

Ordered, That the Report be read a second time, paragraph by paragraph.

Paragraphs 1 to 46 read and agreed to.

Annex agreed to.

Resolved, That the Report be the Fourth Report of the Committee to the House.

Ordered, That the Chair make the Report to the House.

Ordered, That embargoed copies of the Report be made available, in accordance with the provisions of Standing Order No. 134.

Adjournment

Adjourned till Wednesday 31 January 2.00 pm.

Witnesses

The following witnesses gave evidence. Transcripts can be viewed on the [inquiry publications page](#) of the Committee's website.

Wednesday 13 September 2023

Sam Woods, Deputy Governor for Prudential Regulation, Bank of England, Chief Executive Officer, Prudential Regulation Authority; **Charlotte Gerken**, Executive Director, Insurance Supervision, Bank of England; **Gareth Truran**, Director, Prudential Policy, Bank of England

[Q1-86](#)

List of Reports from the Committee during the current Parliament

All publications from the Committee are available on the [publications page](#) of the Committee's website.

Session 2023–24

Number	Title	Reference
1st	The digital pound: still a solution in search of a problem?	HC 215
2nd	Edinburgh Reforms One Year On: Has Anything Changed?	HC 221
3rd	Appointment of Nathanaël Benjamin to the Financial Policy Committee	HC 443

Session 2022–23

Number	Title	Reference
1st	Future of financial services regulation	HC 141
2nd	Future Parliamentary scrutiny of financial services regulations	HC 394
3rd	The appointment of Dr Swati Dhingra to the Monetary Policy Committee	HC 460
4th	Jobs, growth and productivity after coronavirus	HC 139
5th	Appointment of Marjorie Ngwenya to the Prudential Regulation Committee	HC 461
6th	Appointment of David Roberts as Chair of Court, Bank of England	HC 784
7th	Re-appointment of Sir Dave Ramsden as Deputy Governor for Markets and Banking, Bank of England	HC 785
8th	Autumn Statement 2022 – Cost of living payments	HC 740
9th	Appointment of Ashley Alder as Chair of the Financial Conduct Authority	HC 786
10th	The work of the Sub-Committee on Financial Services Regulations	HC 952
11th	Fuel Duty: Fiscal forecast fiction	HC 783
12th	Appointment of Professor Randall Kroszner to the Financial Policy Committee	HC 1029
13th	Scam reimbursement: pushing for a better solution	HC 939
14th	The work of the Sub-Committee on Financial Services Regulations	HC 952-i
15th	Regulating Crypto	HC 615
16th	Tax Simplification	HC 723

Number	Title	Reference
17th	The appointment of Megan Greene to the Monetary Policy Committee	HC 1395
18th	The work of the Sub- Committee on Financial Services Regulations	HC 952-ii
19th	The venture capital market	HC 134
20th	Tax Reliefs	HC 723
1st Special	Defeating Putin: the development, implementation and impact of economic sanctions on Russia: Government Response to the Committee's Twelfth Report of Session 2021–22	HC 321
2nd Special	Future of financial services regulation: responses to the Committee's First Report	HC 690
3rd Special	Jobs, growth and productivity after coronavirus: Government response to the Committee's Fourth Report	HC 861
4th Special	Autumn Statement 2022 – Cost of living payments: Government response to the Committee's Eighth Report	HC 1166
5th Special	Fuel Duty: Fiscal forecast fiction: Government response to the Committee's Eleventh Report	HC 1242
6th Special	Scam reimbursement: pushing for a better solution: Payment Systems Regulator's response to the Committee's Thirteenth Report	HC 1500
7th Special	Regulating Crypto: Government Response to the Committee's Fifteenth Report	HC 1752
8th Special	Tax Reliefs: Government Response to the Committee's Twentieth Report	HC 1875
9th Special	Venture Capital: Government Response to the Committee's Nineteenth Report of Session 2022–23	HC 1876

Session 2021–22

Number	Title	Reference
1st	Tax after coronavirus: the Government's response	HC 144
2nd	The appointment of Tanya Castell to the Prudential Regulation Committee	HC 308
3rd	The appointment of Carolyn Wilkins to the Financial Policy Committee	HC 307
4th	The Financial Conduct Authority's Regulation of London Capital & Finance plc	HC 149
5th	The Future Framework for Regulation of Financial Services	HC 147
6th	Lessons from Greensill Capital	HC 151
7th	Appointment of Sarah Breeden to the Financial Policy Committee	HC 571

Number	Title	Reference
8th	The appointment of Dr Catherine L. Mann to the Monetary Policy Committee	HC 572
9th	The appointment of Professor David Miles to the Budget Responsibility Committee of the Office for Budget Responsibility	HC 966
10th	Autumn Budget and Spending Review 2021	HC 825
11th	Economic crime	HC 145
12th	Defeating Putin: the development, implementation and impact of economic sanctions on Russia	HC 1186
1st Special	Net Zero and the Future of Green Finance: Responses to the Committee's Thirteenth Report of Session 2019–21	HC 576
2nd Special	The Financial Conduct Authority's Regulation of London Capital & Finance plc: responses to the Committee's Fourth Report of Session 2021–22	HC 700
3rd Special	Tax after coronavirus: response to the Committee's First Report of Session 2021–22	HC 701
4th Special	The Future Framework for Regulation of Financial Services: Responses to the Committee's Fifth Report	HC 709
5th Special	Lessons from Greensill Capital: Responses to the Committee's Sixth Report of Session 2021–22	HC 723
6th Special	The appointment of Professor David Miles to the Budget Responsibility Committee of the Office for Budget Responsibility: Government response to the Committee's Ninth Report	HC 1184
7th Special	Autumn Budget and Spending Review 2021: Government Response to the Committee's Tenth Report	HC 1175
8th Special	Economic Crime: responses to the Committee's Eleventh Report	HC 1261

Session 2019–21

Number	Title	Reference
1st	Appointment of Andrew Bailey as Governor of the Bank of England	HC 122
2nd	Economic impact of coronavirus: Gaps in support	HC 454
3rd	Appointment of Richard Hughes as the Chair of the Office for Budget Responsibility	HC 618
4th	Appointment of Jonathan Hall to the Financial Policy Committee	HC 621
5th	Reappointment of Andy Haldane to the Monetary Policy Committee	HC 620
6th	Reappointment of Professor Silvana Tenreyro to the Monetary Policy Committee	HC 619

Number	Title	Reference
7th	Appointment of Nikhil Rathi as Chief Executive of the Financial Conduct Authority	HC 622
8th	Economic impact of coronavirus: the challenges of recovery	HC 271
9th	The appointment of John Taylor to the Prudential Regulation Committee	HC 1132
10th	The appointment of Antony Jenkins to the Prudential Regulation Committee	HC 1157
11th	Economic impact of coronavirus: gaps in support and economic analysis	HC 882
12th	Tax after coronavirus	HC 664
13th	Net zero and the Future of Green Finance	HC 147
1st Special	IT failures in the financial services sector: Government and Regulators Responses to the Committee's Second Report of Session 2019	HC 114
2nd Special	Economic Crime: Consumer View: Government and Regulators' Responses to Committee's Third Report of Session 2019	HC 91
3rd Special	Economic impact of coronavirus: Gaps in support: Government Response to the Committee's Second Report	HC 662
4th Special	Economic impact of coronavirus: Gaps in support: Further Government Response	HC 749
5th Special	Economic impact of coronavirus: the challenges of recovery: Government Response to the Committee's Eighth Report	HC 999
6th Special	Economic impact of coronavirus: gaps in support and economic analysis: Government Response to the Committee's Eleventh Report	HC 1383