



House of Commons
Treasury Committee

Edinburgh Reforms One Year On: Has Anything Changed? Government Response to the Committee's Second Report

Second Special Report of Session
2023–24

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The Treasury Committee

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Publication

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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).

Contacts

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You can follow the Committee on X (formerly Twitter) using [@commonstreasury](https://twitter.com/commonstreasury).

Second Special Report

The Treasury Committee published its Second Report of Session 2023-24, *Edinburgh Reforms One Year On: Has Anything Changed?* (HC 215), on 8 December 2023. On 8 February 2024, we received a letter from the Economic Secretary to the Treasury containing the Government's response to that Report. The response has been appended to this Report.

Appendix: Government response

Letter from the Economic Secretary to the Treasury, 8 February 2024

I am writing in response to the Treasury Committee's Report titled above that concluded its inquiry on the Edinburgh Reforms.

As the Report sets out, the Edinburgh Reforms form a major part of the government's commitment to set the UK's financial services sector up for another century of success; and as the Chancellor set out in his letter of 6 October 2023, the government is squarely focused on delivery of this ambitious regulatory reform programme.

I disagree with a number of the Report's conclusions, some of which appear to be inconsistent. I particularly reject any suggestion that the reforms will not have a substantial impact on the UK economy and the competitiveness of the UK financial services sector, or that the reforms could be responsibly delivered any faster than they are progressing. Since taking up my role as Economic Secretary, I have consistently heard the resounding message from industry that my key priority should be the delivery of these vital reforms.

That work is well underway and as the Chancellor confirmed in his letter to you, as of 6 October, 21 of the 31 commitments set out as part of the Edinburgh Reforms have been delivered. Delivering ambitious regulatory change is a multi-step process that requires careful work, including industry consultation. As the committee noted in its Report, reforms to the financial services rules should be evidence-based, taking into consideration views from both industry and wider society. This engagement takes time and must be done correctly." I strongly agree with this, and as a result, the Treasury is striving to balance the benefits of completing this work at pace, with the need to allow appropriate time for consultation and implementation.

Some of the reforms require multiple rounds of industry consultation, ultimately concluding with significant rule changes that will deliver real, tangible benefits to industry.

Further progress has been made since the report was published, including:

- The government laid the Digital Securities Sandbox Regulations on 18 December 2023, putting in place the legislative arrangements for the sandbox.
- The FCA published their rules for a UK consolidated tape for bonds on 20 December 2023.

- The government and FCA jointly publishing a consultation on the Advice Guidance Boundary Review on 8 December 2023, setting out proposals to close the advice gap for financial services consumers.
- The government and Bank of England published their response to the digital pound consultation on 25 January 2024.

While of course some specific measures will have a bigger economic impact than others, this wide-ranging package has been welcomed by the industry, and I am confident that the reforms are promoting growth and competitiveness the financial services sector.

Delivery of the reforms will also bring benefits to consumers: the publication of the Advice Guidance Boundary Review consultation is a significant milestone in our work to create a regulatory framework that ensures consumers get the help they want, at a time they need, and at a cost that is affordable. This is a critical step in the government's plan to build a retail investment market which consumers can trust and is sustainable for firms.

I remain focused on delivering these reforms, that will unlock the potential of the UK's financial services sector, and ensure that it maintains its world-leading position.

I thank the Committee for its Report, and look forward to continuing to work with you as the government delivers these reforms.

Bim Afolami MP

Economic Secretary to the Treasury