



Department for
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The Baroness Noakes
House of Lords
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23rd June 2026

Dear Baroness Noakes

The Financial Services and Markets Bill

Thank you for your continued engagement on the Financial Services and Markets Bill. I am writing in response to your letter of 17 June, where you raised Clause 17 and the impact it would have on the work of the Financial Services Regulation Committee (FSRC).

The Government recognises the important work of the FSRC in scrutinising the regulators. It makes valuable contributions to parliamentary oversight of financial services regulation, the financial services regulatory framework, and the actions of the financial services regulators.

The Government agrees that the regulatory principles are an important part of the statutory framework. They inform the regulators' work and shape the way in which they exercise their functions. That is precisely why, when the Government reviewed the principles in line with the Regulatory Action Plan commitment to do so, it concluded that none of the individual principles should be removed from legislation but, instead, to ensure that they continue to play a significant role, through the new long-term strategies.

The regulatory principles will continue to be central to the work of the regulators, and the FCA and PRA will be required to have regard to them when preparing or revising their strategies. The intention is to ensure that the principles are applied in a more coherent and visible way at the strategic level, in such a way as to support an overall assessment of the regulators' performance and actions – for example, whether when considered as a whole, a regulator's programme of work results in proportionate burdens for firms. The Government considers that a more meaningful assessment can be made in relation to a regulator's strategy, rather than through repetitive and fragmented processes across individual exercises of their functions.

The Government's view is that this approach will enhance, rather than diminish, accountability and oversight – by supporting that holistic assessment of the impact of the regulators' interventions and approach. The long-term strategies will operate within a broader framework through which Parliament can continue to scrutinise regulator performance and to hold them accountable for it. This includes the regulators' statutory objectives and duties, which are set by Parliament; scrutiny of their annual reports; their annual responses to the Government's recommendation letters; appearances before

parliamentary committees; scrutiny of the annual reports of the regulators' statutory panels; and the wider reporting and scrutiny mechanisms within FSMA. In addition, this Bill introduces a new ongoing requirement for the regulators to publish annual standalone reports on their work to embed and advance their international competitiveness and growth objectives.

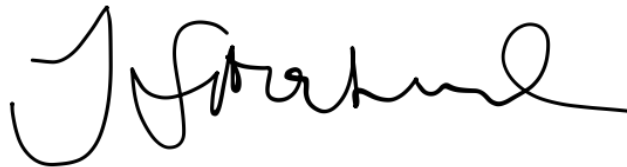
There are also requirements on regulators to notify relevant Parliamentary Committees when consulting on draft rules, and to respond in writing to any representations made by a committee in response – introduced in the Financial Services and Markets Act 2023 and designed to support scrutiny by the FSRC and the Treasury Select Committee. The regulators will continue to be required to set out to the Committees how the proposals advance their objectives.

Parliament will therefore retain a wide range of levers through which to examine the regulators' rule-making, and also gain the ability to scrutinise their broader strategic approach, including in relation to the regulatory principles.

In our interactions thus far, I've been taken by your strength of conviction, and I'm keen to demonstrate that the Government wants to work pragmatically with parliamentarians on this issue. I hope that this letter provides reassurance that it is not the Government's intention to reduce accountability, or to remove the regulatory principles from the statutory framework. Rather, the intention is to support a clearer, more strategic and more coherent model of oversight.

I look forward to continuing to discuss this issue during the passage of the Bill, and would be glad to engage directly with yourself and colleagues.

With best wishes,

A handwritten signature in black ink, appearing to read 'J. Stockwood', with a long horizontal flourish extending to the right.

Lord Stockwood of Great Grimsby and Cleethorpes
Minister for Investment
Department for Business and Trade and His Majesty's Treasury