

The Future Regulatory Framework

Review:

Central Counterparties and Central Securities Depositories

The Future Regulatory Framework Review: Central Counterparties and Central Securities Depositories



© Crown copyright 2022

This publication is licensed under the terms of the Open Government Licence v3.0 except where otherwise stated. To view this licence, visit nationalarchives.gov.uk/doc/open-government-licence/version/3.

Where we have identified any third party copyright information you will need to obtain permission from the copyright holders concerned.

This publication is available at: www.gov.uk/official-documents.

Any enquiries regarding this publication should be sent to us at public.enquiries@hmtreasury.gov.uk

ISBN: 978-1-911686-57-6

PU: 3184

Contents

Chapter 1	Introduction	2
Chapter 2	Central Counterparties and Central Securities Depositories	4
Chapter 3	The future framework for the UK's regulation of CCPs and CSDs	6
Chapter 4	Objectives and principles	11
Chapter 5	Relationship with HM Treasury, Parliament and external stakeholders	17
Chapter 6	Responding to this consultation and next steps	25

Chapter 1

Introduction

- 1.1 The Future Regulatory Framework (FRF) Review was established to determine how the financial services regulatory framework should adapt to the UK's new position outside the European Union (EU), and how to ensure the framework is fit for the future. In particular, the FRF Review provides an important opportunity to ensure that the UK maintains a coherent, agile, and internationally respected approach to financial services regulation that delivers appropriate protections and promotes financial stability. The government published a consultation in November 2021 titled "Financial Services Future Regulatory Framework Review: Proposals for Reform" ("the FRF Review consultation"), containing a series of proposals to build on the strengths of the UK's existing framework.
- 1.2 As part of that Review, the government is proposing to move to a comprehensive 'FSMA model' of financial services regulation, building on the UK's existing framework established by the Financial Services and Markets Act 2000 (FSMA). This will ensure that direct regulatory requirements which apply to firms will be set through regulator rules, which can be updated in an agile and responsive way to take account of changing market conditions, address emerging risks, and facilitate innovation.
- 1.3 As set out in Chapter 7 of the FRF Review consultation, in order for the Bank of England (the Bank) to take on this responsibility for Central Counterparties (CCPs) and Central Securities Depositories (CSDs), the government is considering granting the Bank general rule-making powers over CCPs and CSDs, alongside appropriate enhancements to the Bank's current framework of objectives and accountability in relation to the regulation of these entities. This consultation follows the commitment in paragraphs 17 and 7.35 of the FRF Review consultation to set out further detail in this area.
- 1.4 CCPs and CSDs are both types of Financial Market Infrastructure (FMI). FMI are institutions that underpin the global financial system, acting as conduits between many other financial services firms. They help maintain stability in the financial services sector and provide critically important functions that help make markets safer and more efficient.

- 1.5 Both CCPs and CSDs are currently regulated and supervised by the Bank¹. However, at present, the Bank has very limited powers to set direct regulatory requirements on these firms as these requirements sit in retained EU law. Accordingly, responsibility to maintain and update the regulatory framework in this area currently falls on government and Parliament. The government is considering granting the Bank greater rule-making powers over CCPs and CSDs, subject to a new accountability and transparency framework set out by government and Parliament. This new framework is the focus of this consultation.
- 1.6 Recognised payment systems and specified service providers to recognised payment systems, which are also FMI under the Bank's remit, are excluded from the scope of this consultation as the Bank already has sufficient powers under the Banking Act 2009 to regulate these firms. The government will separately be consulting on the regulatory perimeter for systemically-important payment actors in the first half of 2022. The changes proposed in this consultation on CCPs and CSDs are also not intended to affect:
- the Bank's overarching financial stability objective;
 - the objectives and functions of the Financial Policy Committee (FPC); or
 - any of the other functions performed by the Bank, such as its responsibilities as a central bank or its role as a resolution authority.
- 1.7 The government is suggesting changes to the regulatory framework for the Bank's CCP and CSD regulation. The Bank performs several key functions when overseeing CCPs and CSDs, such as setting rules, determining policy, and supervising the entities within its regulatory perimeter. Accordingly, the term 'regulation' is designed to capture the full regulatory life-cycle, from policy making to determining the supervisory approach that should flow from it (but in this consultation does not include individual supervisory decisions). The government is considering how this process might be made more transparent, drawing on the precedent set by the PRA. Similarly, any references to the Bank in this consultation should be taken to refer to 'the Bank in its role as CCP and CSD regulator'.
- 1.8 Chapter 2 sets out what CCPs and CSDs are and their role in the financial system. Chapter 3 explains how the proposed future framework for the UK's regulation of CCPs and CSDs would work. Chapter 4 details proposed updates to the Bank's statutory objectives in relation to CCP and CSD regulation. Chapter 5 sets out enhanced accountability mechanisms that will apply to the Bank in relation to the government and Parliament, as well as the strengthened mechanisms relating to stakeholder engagement. Chapter 6 explains how to respond to this consultation.

¹ The Bank is also responsible for the regulation and supervision of another category of FMI known as recognised clearing houses which are not recognised CCPs (RCHs). The UK CSD previously fell within this category until the introduction of the category of recognised CSD to FSMA which encompasses the specific authorisation processes in CSDR. There are currently no firms in this category in the UK. As such, the government does not currently propose granting the Bank a general rule-making power over RCHs but will consider doing so in future if new RCHs are established in the UK.

Chapter 2

Central Counterparties and Central Securities Depositories

What are CCPs?

- 2.1 Firms use CCPs to reduce certain risks that arise when entering into financial transactions with other parties, such as derivative transactions or buying and selling securities. CCPs sit between the buyers and sellers of financial contracts, providing assurance that the obligations under those contracts will be fulfilled. When a buyer and seller agree that a financial contract will be transacted through a CCP (or are required to do so), the CCP sits between them. Instead of holding the contract with each other, the buyer and seller each hold their side of the contract with the CCP instead. The process of transacting through a CCP is known as “clearing”.
- 2.2 Crucially, by sitting in the middle of each transaction, CCPs reduce counterparty risk. Firms place assets with the CCP in case either party fails to meet their contractual obligations, so that the CCP can use those assets to fulfil the contract. These assets are known as collateral. CCPs are also required to have a default fund – a pool of money set aside for the sole purpose of covering any losses that exceed a defaulting member's collateral. This, alongside other tools used by the CCP, aims to minimise the impact of the default of an individual firm, or a group of firms, on the wider financial system.
- 2.3 CCPs simplify the network of exposures by enabling the “multilateral netting” of financial exposures and payments. Multilateral netting is a process that sums all offsetting positions to create one overall position. This has the benefit of reducing the gross exposure a firm has to the market down to a single net exposure to the CCP, which also reduces the amount of collateral they are required to hold.
- 2.4 There are currently three UK CCPs:
 - LCH Limited
 - LME Clear Limited
 - ICE Clear Europe Limited

What are CSDs?

- 2.5 A CSD holds financial instruments, including equities, bonds, money market instruments and mutual funds, and has roles in the issuance, settlement and maintenance of these instruments. It also plays a key role when ownership of

a security is transferred, including transferring the cash and securities between market participants and managing all the rights and obligations linked to the ownership of a security (such as corporate action and cash movements arising on the securities).

- 2.6 There is currently only one CSD in the UK - Euroclear UK and International (EUI). EUI is part of the wider Euroclear Group based in Belgium. EUI operates the securities settlement system, CREST¹, through which 250,000 transactions are processed on average every day, the daily settlement value of which is in excess of £900 billion².

¹ CREST stands for Certificateless Registry for Electronic Share Transfer.

² P.23 of the Bank of England's supervision of financial market infrastructures - Annual Report - 2020

Chapter 3

The future framework for the UK's regulation of CCPs and CSDs

The FRF Review Consultation

- 3.1 The government believes that a regulatory model which delegates the setting of regulatory standards to expert, independent regulators, working within an overall policy framework set by government and Parliament, continues to be the most effective way of delivering a stable, fair and prosperous financial services sector. This model was overwhelmingly supported by stakeholders in response to the Future Regulatory Framework Review (FRF): Phase II Consultation, published in October 2020.
- 3.2 In November 2021, the government published another consultation - the FRF Review consultation - which sets out how the government proposes to reform the UK's financial services regulatory framework, building on the strengths of the UK's existing model of regulation established by the Financial Services and Markets Act 2000 (FSMA). In the FRF Review consultation, the government noted that this FSMA model of regulation ensures that the regulators' real-world, day-to-day experience of supervising financial services firms is central to the regulatory policymaking process. It also provides flexibility for the regulators to update standards efficiently in response to changing market conditions and emerging risks. This approach to regulation is internationally respected, with the UK continuing to be a leader in the development of international standards for financial services.
- 3.3 The FRF Review consultation considers the future of retained EU law within the UK's statute book, as well as the future roles of both the Prudential Regulation Authority (PRA) and the Financial Conduct Authority (FCA). Chapter 3 of the consultation proposes additions to the PRA's and FCA's statutory objectives, contained in FSMA, which they are required to advance when discharging their general functions. This includes a new secondary objective on long-term growth and competitiveness.
- 3.4 The consultation also proposes further enhancements to the accountability framework established in FSMA, reflecting the increased responsibility that these regulators will have once a comprehensive FSMA model has been established. Chapters 4 and 5 set out proposals to strengthen the mechanisms by which Parliament holds the regulators to account and the mechanisms underpinning the regulators' relationships with HM Treasury. Chapter 6 proposes measures to ensure that there remain appropriate

opportunities for relevant stakeholders to engage with and scrutinise the development of regulatory proposals.

The Future Regulatory Framework for CCPs and CSDs

- 3.5 Following the UK's departure from the EU, the body of EU legislation that applied directly in the UK at the point of exit was transferred onto the UK statute book by the European Union (Withdrawal) Act 2018 (EUWA). Under the "onshoring" programme, HM Treasury and the regulators undertook a significant programme of legislation to ensure that the body of retained EU law relating to financial services would operate effectively following the UK's withdrawal from the EU, by making the necessary amendments to address any deficiencies arising as a result of exit or the end of the transition period. As part of the onshoring programme, responsibility for imposing certain types of regulatory requirement was transferred to the regulators. However, the majority of financial services regulation now sits on the UK statute book and therefore cannot be added to or amended except by Act of Parliament or, in limited cases, by statutory instrument made by HM Treasury.
- 3.6 As with other areas of financial services, the regulation and supervision of UK CCPs and CSDs has been heavily influenced by the UK's membership of the EU. In 2009, following the financial crisis, the G20 agreed that CCPs should play a more central role in financial markets. This increased responsibility required a more robust prudential rulebook for CCPs. As such, a more robust set of international standards for FMI was agreed by the Committee on Payments and Settlement Systems (now the Committee on Payments and Market Infrastructures) of the Bank for International Settlements and the Technical Committee of the International Organisation of Securities Commissions (CPMI-IOSCO) – these were the Principles for Financial Market Infrastructures (PFMIs)¹.
- 3.7 The PFMIs covered CCPs as well as a broader range of FMI. They were implemented in the EU by the European Market Infrastructure Regulation (EMIR) and the Central Securities Depositories Regulation (CSDR). These Regulations set out a much more comprehensive regime for these entities and were incorporated into the Bank's FSMA powers to recognise CCPs and CSDs. The government strongly supports the high standards set out within these regulations.
- 3.8 EMIR and CSDR provided for many of the detailed requirements for CCPs and CSDs to be imposed through EU delegated legislation. Under the onshoring process, power to impose these requirements by way of issuing "technical standards" has been transferred to the Bank. Nonetheless, EMIR and CSDR themselves now have the status in UK law of "retained direct principal EU legislation" and, as such, can only be amended in the ways provided for in section 7(2) of EUWA (which are broadly similar to the circumstances in which domestic primary legislation can be amended). This means that it is

¹ *Principles for financial market infrastructures*, Bank for International Settlements and International Organization of Securities Commissions, April 2012

difficult to adapt regulation contained in EMIR or CSDR in the agile and flexible way that the FSMA model intended.

A general rule-making power

- 3.9 The government intends to build on the FSMA model providing for more extensive delegation of regulation to the Bank, with the Bank overseeing regulatory standards as the expert, independent regulator, working within an overall policy framework set by government and Parliament. To do so, the Bank will need a new general rule-making power over CCPs and CSDs.
- 3.10 At present, the Bank is responsible for the recognition and supervision of CCPs and CSDs in the UK, which largely involves applying the rules set out in the onshored EMIR and CSDR. In order to discharge these functions, it has the following limited domestic rule-making powers over CCPs and CSDs:
- Section 166(9) and para 12 Schedule 17A FSMA: which provides that the Bank may make rules providing for expenses incurred by the Bank in relation to an appointment by the Bank of a skilled person to provide a report to be payable as a fee by the person concerned.
 - Section 293 FSMA: which provides that the Bank may make rules requiring an CCP or CSD to give the Bank notice of such events as the Bank may specify (subject to the Bank reasonably requiring the notice for the exercise of its functions under FSMA).
 - Section 295 FSMA: which provides that the Bank may make rules setting out what must be included in an overseas CCP's annual report to the Bank.
 - Section 300B FSMA: which provides that the Bank may use the rule-making power under section 293 to further specify when the duty to notify the Bank of a proposal to make regulatory provision applies.
 - Powers under EMIR and CSDR to make technical standards on various detailed regulatory requirements. These powers were previously conferred on the European Commission and were transferred to the Bank in light of the UK's exit from the European Union.
- 3.11 The government believes that, in line with the FRF Review approach, the Bank, in its role as the expert, independent regulator of CCPs and CSDs, should take on primary responsibility for setting regulatory requirements for these entities.
- 3.12 In order to provide the Bank with the necessary tools to properly regulate CCPs and CSDs going forward, the government intends to grant the Bank a general rule-making power in relation to CCPs and CSDs (modelled on the FCA's general rule-making power in section 137A of FSMA and the PRA's general rule-making in section 137G of FSMA) so that it can set appropriate rules for these firms. This would enable the Bank to make such rules applying to CCPs and CSDs as appear to it to be necessary or expedient for the purpose of advancing its statutory objectives in relation to these entities (see Chapter 4 of this consultation).

- 3.13 If applied to the regulation of CCPs and CSDs, such a model would capitalise on the Bank's expertise and experience in supervising these firms to deliver a robust and proportionate regulatory regime, ensuring high regulatory standards.
- 3.14 The government believes that a general rule-making power is appropriate given the fundamental importance of CCPs and CSDs to the safe and smooth running of the UK's financial system. This importance means that CCPs and CSDs are, and should continue to be, subject to robust regulatory oversight which is not limited in scope to the specific areas currently provided for in domestic legislation. Such a power would provide the Bank with an effective way to uphold and enhance standards for CCP and CSD regulation, including a means to make new rules for these firms, to address emerging risks and keep pace with international standards. It would also enable rule-making to become more agile, responsive and adaptable.
- 3.15 As set out in the FRF Review consultation, the government intends, as a general approach, to take a power to repeal retained EU law, which it will use to repeal the direct regulatory requirements which apply to firms. For CCPs and CSDs, this repeal will enable the Bank to replace those provisions with its own rules.
- 3.16 The new framework should also allow for the Bank to make rules in relation to overseas CCPs and CSDs who wish to provide services into the UK, in order to safeguard UK financial stability. FMI are globally interconnected and systemically important, and it is vital that the Bank's remit reflects this reach. This ability to make rules in relation to incoming CCPs and CSDs will allow the BoE to maintain an appropriate and consistent recognition framework for overseas CCPs and CSDs.

A policy framework to guide the Bank's use of its new powers

- 3.17 Alongside this expansion of the Bank's responsibilities and powers, the government intends to put in place a framework to ensure that the Bank – as the expert, independent regulator – is set the right overall objectives and is fully accountable and transparent in pursuing them.
- 3.18 Granting the Bank a general rule-making power would mean that, in respect of CCPs and CSDs, the Bank's role would be broadly equivalent to that of the PRA and FCA in respect of the firms they authorise and regulate. This consultation accordingly proposes several updates to the Bank's statutory objectives as they relate to the Bank's regulation of CCPs and CSDs. These updates would apply to the Bank's existing responsibilities in relation to CCPs and CSDs, for instance in relation to its role in recognising and supervising these firms, as well as in relation to the new powers proposed for it within this consultation. This is to ensure that the Bank considers the appropriate public policy objectives in the exercise of its regulation of these firms. Further detail on this is set out in Chapter 4.
- 3.19 The government also believes that, if the Bank is to be granted a general rule-making power in respect of CCPs and CSDs, this must be accompanied

by appropriate enhancements to the mechanisms by which the Bank is held accountable. These mechanisms would be similar to those that are either already in place for the PRA and FCA or are proposed for them in the FRF Review consultation. The government's proposed enhancements and additions for the Bank in relation to its regulation of CCPs and CSDs are set out in Chapter 5 of this consultation.

- 3.20 The new general rule-making power would also have to be underpinned by additional powers which replicate arrangements for the PRA and FCA, including:
- Powers for the Bank to take enforcement action in cases of breaches, alongside rights of appeal for the CCP or CSD.
 - Powers for the Bank to waive or modify rules.
 - Investigatory powers and information gathering powers.
- 3.21 Reflecting the Bank's new objectives for CCP and CSD regulation, the government is also considering whether it would be appropriate to expand the Bank's existing direction powers in sections 296 and/or 296A FSMA to allow the Bank to direct CCPs and CSDs when it is "desirable" to advance the Bank's new objectives, subject to the appropriate caveats and safeguards. This would be in a similar way to how the PRA and FCA are able to impose requirements upon the firms they regulate where it is desirable to advance their objectives.
- 3.22 In addition, the government proposes to ensure that the Bank's regulation of CCPs and CSDs is operationally independent by confirming that HM Treasury's power to direct the Bank where necessary in the public interest (under the Bank of England Act 1946) will not apply. The PRA's functions within the Bank are already out of scope of this power of direction and this change would align with the government's intention to create a framework where expert regulators are given responsibility and independence to set regulatory standards.

Chapter 4

Objectives and principles

- 4.1 The FSMA framework sets a series of high-level objectives for the PRA and FCA, which they are responsible for delivering as the UK's expert, independent regulators.
- 4.2 As part of the government's proposal to grant the Bank these enhanced rule-making responsibilities, the government intends to put in place a revised set of statutory objectives and principles that will guide the Bank's regulation of CCPs and CSDs.
- 4.3 This chapter sets out the government's proposals in this area, which would maintain the primacy of financial stability but introduce new elements. This would include specifying that the Bank should consider financial stability in other relevant jurisdictions and non-discrimination based on the nationality or location of service users as well as introducing a secondary objective to facilitate innovation, where compatible with the Bank's financial stability objective. Aligning with international standards, which the Bank has a key role in shaping, will remain at the core of this approach.
- 4.4 The enhanced objectives and accountability mechanisms may also apply in respect of other associated powers or responsibilities that the Bank could receive in future in its capacity as CCP and CSD regulator. For instance, the government recently consulted on proposals to introduce a Senior Managers and Certification Regime for FMI. Should the government legislate to introduce such a regime in future, the proposed set of objectives, and the accountability mechanisms set out in Chapter 5, would likely be applied to the Bank when it is making rules to implement the regime. The government also consulted on strengthening the UK's CCP resolution regime last year. The changes in this consultation will not apply to the Bank's role as resolution authority and therefore will not affect how the Bank manages the resolution of a CCP. The changes could, however, apply to the Bank's role regarding the recovery planning arrangements of a CCP.

The Financial Stability Objective in the context of CCP and CSD regulation

- 4.5 Alongside the proposed general rule-making power, the government believes the Bank's objectives, as they relate to CCPs and CSDs, need to capture the full range of policy issues that it is appropriate to consider when making these rules.

4.6 The Bank's function as regulator and supervisor of CCPs and CSDs is currently subject to its Financial Stability Objective as set out in Section 2A of the Bank of England Act 1998, which is as follows:

(1) An objective of the Bank shall be to protect and enhance the stability of the financial system of the United Kingdom (the "Financial Stability Objective").

(2) In pursuing the Financial Stability Objective the Bank shall aim to work with other relevant bodies (including the Treasury and the Financial Conduct Authority).

4.7 This is currently the sole objective of the Bank provided for in statute which is relevant to the Bank's regulation of CCPs and CSDs.

4.8 As a reflection of the systemic importance of FMI, the government believes that focussing on achieving financial stability remains the appropriate primary objective for the Bank in relation to its functions as the regulator of CCPs and CSDs. The Bank provided a fuller articulation of its objectives relating to FMI supervision in its 2019 FMI Annual Report¹. This makes clear that it expects each FMI it regulates to do more than provide a robust and reliable service; for example, to take appropriate steps to reduce risks to the wider financial system. This is consistent with international standards for FMI.

Providing further detail on the financial stability objective

4.9 The government believes that supporting the Bank's financial stability objective must remain the sole primary objective for the Bank in its regulation of CCPs and CSDs. The government is also considering whether any further detail could be provided in order to make clear what the Bank is expected to consider when advancing its primary objective as the regulator of CCPs and CSDs. The government believes that there are two areas which should also be specified in legislation as forming part of the Bank's pursuit of its primary objective when exercising its rule making powers in relation to CCPs and CSDs:

- Considering the financial stability impact of UK CCPs and CSDs on other jurisdictions
- Ensuring non-discrimination on the basis of nationality or location

4.10 The UK is home to clearing and settlement markets used by market participants from around the world. UK CCPs and CSDs are therefore pieces of important infrastructure used by firms in many jurisdictions. As such, UK authorities in their regulation of these firms should consider not only their impact on the financial stability of the UK, but also on other countries. This wider outlook will be mutually beneficial, given that CCPs and CSDs sit at the

¹ <https://www.bankofengland.co.uk/news/2019/february/supervision-of-financial-market-infrastructures-annual-report-2019>

heart of global networks and their stability is essential for both the international and UK financial systems. Disruption in interconnected jurisdictions may therefore have knock-on effects for UK financial stability.

- 4.11 The government therefore intends to specify that the Bank should also have regard to the potential effects on the financial stability of other countries in which UK CCPs or CSDs operate or provide services. This approach again aligns with the Bank's existing interpretation of its financial stability objective as set out in its 2019 Annual Report. Indeed, the government believes that the work that the Bank has already done to build up collaborative and open relationships with regulators in other jurisdictions, and to pro-actively establish fora such as global colleges to discuss joint risks, are an essential part of its effectiveness as a regulator. The Bank will continue to deepen this cooperation. It is therefore right that such international concerns are reflected in the Bank's regulation of CCPs and CSDs.
- 4.12 The government believes that the way in which the Bank considers potential effects on the financial stability of other countries in which UK CCPs or CSDs operate or provide services should be proportionate to the resources available to it. Given the wide range of jurisdictions that utilise UK CCPs or CSDs, it would be disproportionate for the Bank to have to consider the financial stability impact of its regulation on every jurisdiction at all times. The Bank should take a proportionate approach and, at the very least, consider the potential impact of important decisions on jurisdictions with significant exposures to UK CCPs or CSDs. It should also consider the interrelated and global nature of clearing and settlement services, and that any potential disruption to these services in other jurisdictions could affect the financial stability of the UK.
- 4.13 Finally, the government is also considering making it explicit that the Bank must have regard to ensuring that its regulation is based on financial stability risks and not on the basis of nationality or location of users of CCP and CSD services. Non-discrimination could sit alongside the focus on international financial stability and would reflect the existing approach taken by the Bank. However, specifying it explicitly could provide additional reassurance to global users of these infrastructure.

A secondary objective to facilitate innovation

- 4.14 Many regulatory bodies, including the PRA, have secondary objectives. The PRA's secondary objective requires it to facilitate effective competition in the markets for services provided by PRA-authorized firms in carrying on regulated activities. The government does not believe that competition among CCPs and CSDs should be pursued as a goal in itself: the market structure in which these firms operate can often mean that individual CCPs or CSDs specialise in providing a specific type of product or service, which can mean that individual firms often serve the majority of the market in their specialist areas. This brings significant benefits, such as allowing the CCP to net off various positions, and is a key reason that a few CCPs provide services globally. However, the government recognises that effective competition within a market can have desirable outcomes which the government is keen

that the Bank facilitates. For example, the government wishes to encourage and support firms to look for new and innovative ways to operate in order to help improve the quality of their service or to help lower costs.

- 4.15 On this basis, the government proposes giving the Bank a secondary objective so that as it advances its primary objective for financial stability it must, so far as is reasonably possible, facilitate innovation in the clearing and settlement services provided by the CCPs and CSDs regulated by the Bank with a view to improving the quality, efficiency and economy of the services they provide, subject to conforming with relevant international standards such as the PFMI.
- 4.16 Such an objective could, for example, facilitate future initiatives similar to the proposed “FMI Sandbox” which the government is currently developing with the Bank and FCA and which will enable firms to experiment with new technology in providing FMI services within a safe and controlled environment. As a secondary objective, this would not require or authorise the Bank to take any action inconsistent with its primary objective for financial stability.
- 4.17 The government has also considered giving the Bank an additional secondary objective to facilitate UK competitiveness, but does not think this would be appropriate given the unique nature of CCPs and CSDs in global financial markets.

Other elements of the new framework

Regulatory principles

- 4.18 As it stands, there are eight regulatory principles set out in section 3B FSMA which the PRA and FCA must take into account when discharging their general functions. These regulatory principles aim to promote good practice across the range of the PRA’s and FCA’s policymaking. Unlike objectives, the FCA and PRA are not required to advance their regulatory principles, which means that whilst they must consider them when acting to advance their objectives they cannot pursue them as ends in themselves. The eight regulatory principles are:
- **efficiency and economy** - the need to use the resources of each regulator in the most efficient and economic way
 - **proportionality** - the principle that a burden or restriction which is imposed on a person, or on the carrying on of an activity, should be proportionate to the benefits, considered in general terms, which are expected to result from the imposition of that burden or restriction
 - **sustainable growth** - the desirability of sustainable growth in the economy of the UK in the medium or long term. The government has proposed updating this principle to be clear that such growth should occur in a way that is consistent with the

government's commitment to achieve a net zero economy by 2050.

- **consumer responsibility** - the general principle that consumers should take responsibility for their decisions
- **senior management responsibility** - the principle that a regulated firm's senior management is responsible for ensuring that its business complies with regulatory requirements imposed by or under FSMA, including those affecting consumers
- **recognising differences in business** - the desirability where appropriate of each regulator exercising its functions in a way that recognises differences in the nature of, and objectives of, different businesses subject to requirements imposed by or under FSMA
- **openness and disclosure** - the desirability in appropriate cases of each regulator publishing information relating to persons on whom requirements are imposed by or under FSMA, or requiring such persons to publish information, as a means of contributing to the advancement by each regulator of its objectives
- **transparency** - the principle that the regulators should exercise their functions as transparently as possible

4.19 The government has considered whether the regulatory principles that currently apply to the PRA and FCA would also be appropriate for the Bank's regulation of CCPs and CSDs. The government believes that the majority of the existing regulatory principles focus on the fundamental principles of effective regulation and, as such, these should be applied where relevant to the regulation of CCPs and CSDs. This includes the proposal contained in the FRF Review consultation document to amend the sustainable growth regulatory principle to reference the government's commitment to achieving net zero by 2050. The government believes that this should also apply to the Bank, given the ambitious nature of the UK's goals in this area.

4.20 The government believes that the only change needed from directly applying the updated FCA and PRA regulatory principles to the Bank would be to update the wording of the consumer responsibility principle to reflect that it is specific types of financial services firms that use CCP or CSD services and not retail consumers.

4.21 The government also proposes the addition of a new regulatory principle for the Bank to have regard to the desirability of facilitating fair, reasonable and equitable provision of services by CCPs and CSDs to their members, subject to conforming with international standards such as the PFMLs. As set out in paragraph 4.14, the government recognises that the market structure in which CCPs and CSDs operate can often mean that individual CCPs or CSDs specialise in providing a specific type of product or service, which can mean that individual firms often serve the majority of the market in their specialist areas. While recognising that this can bring significant benefits, this principle would be intended to guide the Bank's regulation of CCPs and CSDs in a way

that avoids access to services being restricted, except on grounds which are relevant to preserving the resilience of the CCP or CSD.

Activity-specific 'have regards' and obligations

- 4.22 As set out in the FRF Review consultation, in some instances it may be necessary to require the PRA and FCA to consider specific aspects of public policy which are not generally applicable and so are not captured by the objectives and principles which the regulators already have. Some of the detailed rules in retained EU law were specifically drafted to address certain public policy points which are still relevant. If these rules are updated in the regulators' rulebooks in the future, it is right that the regulators should continue to have those public policy priorities in mind.
- 4.23 The government believes that this should extend to the Bank's regulation of CCPs and CSDs. This would allow the government, for example, to set "have regards" for the Bank when it is making rules in relation to one specific type of FMI, such as CSDs.
- 4.24 The FRF Review consultation also set out that there are some areas where it is appropriate to put an obligation on the regulators to exercise their rule-making powers in a way that imposes certain types of requirements on firms. It is generally appropriate for the regulators to make their own judgement about what rules are required, based on their objectives and on the regulatory perimeter established by HM Treasury. However, it has been suggested that there should be a means for government and Parliament to require the regulators to make rules covering certain matters to ensure important wider public policy concerns are addressed. The government also believes that this should extend to the Bank's regulation of CCPs and CSDs.
- 4.25 The government therefore proposes to take a power to place obligations on the Bank to make rules in relation to CCPs and CSDs. This would mean, for example, that HM Treasury could put an obligation on the Bank to use its rule-making power to make rules relating to risk management processes at CCPs. It would not be possible to use this power to impinge on the Bank's independence by seeking to influence what those rules should be, and the Bank could not be required to act in a way that is inconsistent with its objectives.
- 4.26 As set out in the FRF Review consultation, the government will continue to consider the appropriate scope of the powers to set "have regards" and to put an obligation on the regulators to make rules in relation to specific areas.

Question 1: Do you agree with the proposed set of statutory objectives and regulatory principles for the Bank, in its capacity as CCP and CSD regulator?

Chapter 5

Relationship with HM Treasury, Parliament and external stakeholders

- 5.1 The mechanisms governing the relationships between the Bank, HM Treasury, Parliament and external stakeholders in relation to the regulation of CCPs and CSDs are set out in retained EU law and FSMA. They are designed around, and appropriate for, the Bank's limited set of rule-making powers. If the government is to grant a general rule-making power to the Bank over CCPs and CSDs, it considers that this should be balanced with appropriate accountability to government and Parliament, and that other stakeholders are given an appropriate opportunity to engage with and scrutinise policy development. The government therefore believes it is important that the mechanisms for ensuring these outcomes are strengthened.
- 5.2 This chapter details the existing arrangements in relation to these points and sets out the government's proposals to enhance and expand upon them. The government has taken the existing mechanisms used for the PRA and FCA, as well as those proposed for them in the FRF Review consultation, as the starting point for this consultation, but recognises that it may not be appropriate to map them wholesale onto the Bank's regulation of CCPs and CSDs. This is in part due to the smaller number and highly specialised role of CCPs and CSDs operating in the UK, which is reflected in the size of the functions dedicated to them at the Bank.

Existing accountability mechanisms

- 5.3 When exercising its rule-making powers, the Bank must comply with various provisions under Part 9A FSMA (as specified in paragraph 10 of Schedule 17A FSMA). These include:
- providing written notification to HM Treasury if it makes, alters or revokes any rules
 - issuing written rule-making instruments which bring new rules to the attention of the public
 - undertaking consultation and a cost benefit analysis, as well as providing an explanation of the purpose of the proposed rules and their compatibility with the Bank's financial stability objective

- 5.4 The Bank is also required by paragraph 19 of Schedule 1ZB of FSMA¹ to submit an annual report to the Chancellor of the Exchequer about the discharge of its functions relating to CCPs and CSDs. The Chancellor is required to lay this report before Parliament. The latest report can be found on the Bank of England website². It also has reporting obligations with respect to its use of certain transitional powers for non-UK CCPs providing services into the UK.
- 5.5 In addition to these mechanisms, HM Treasury also has powers to direct the Bank to take action in certain cases. For instance, HM Treasury may already, in certain circumstances, appoint a person to carry out an independent inquiry, if HM Treasury considers that it is in the public interest to do so. HM Treasury may also direct the Bank to refrain from taking action that would be incompatible with international obligations, or to take action for the purpose of implementing any such obligations.
- 5.6 Finally, the Bank is also subject to public law requirements. Public law is a set of general principles that govern the relationship between public bodies and their individual or corporate stakeholders. They dictate that a public institution – such as the Bank – must act lawfully, rationally, and fairly. There is also an expectation that public bodies must not engage in maladministration, which includes aspects such as delay in taking action and not providing relevant information. However, these requirements are not specific to the nature of CCP and CSD regulation. As these duties already apply, they also do not advance the government’s objective of increasing the accountability of the Bank in line with its increased powers.

The Bank’s internal decision-making process

- 5.7 The government has considered whether the decision-making process within the Bank in relation to its regulation of CCPs and CSDs provides sufficient transparency and accountability in relation to the proposed expansion of the Bank’s powers.
- 5.8 In considering this, the government has examined the governance of other functions within the Bank. The PRA is ultimately responsible to a statutory committee, the Prudential Regulation Committee (PRC). The FPC is also a statutory committee and is required to exercise its functions with a view to contributing to the achievement by the Bank of its Financial Stability Objective. Both committees have prescribed membership, a clear remit, and support the advancement of statutory objectives.
- 5.9 With regards to the regulation of CCPs and CSDs, at present, the vast majority of decision-making is delegated to the Bank’s FMI Board. The FMI Board is an internal, non-statutory executive committee constituted by the Governor to exercise the Bank’s powers in relation to the FMI overseen by the Bank. It is chaired by the Deputy Governor for Financial Stability and includes senior Bank executives as members, as well as three external

¹ Applied in relation to its CCP and CSD activities by virtue of paragraph 33 of Schedule 17A FSMA

² [The Bank of England's supervision of financial market infrastructures - Annual Report 2021 | Bank of England](#)

members, some of whom are also external members of the FPC or PRC. The external members of the FMI Board are appointed by the Governor. Decision-making authority is vested with the Board itself (rather than any individual), with decisions reached by consensus wherever possible (or otherwise by vote). The Governor has reserved limited decisions to himself; the Governor can also be consulted on important decisions that would otherwise fall within the Board's remit (and resolve to take such decisions himself).

- 5.10 At present, the work, membership and remit of FMI Board is not as widely understood as some of the other statutory committees and the government is therefore considering how it can be made more transparent and accountable. Whilst not all of the mechanisms used by the FPC, PRC and Monetary Policy Committee (MPC) may be appropriate for decision-making in relation to the regulation of CCPs and CSDs, there is clearly a difference between the two approaches, and the government is of the view that, in line with the additional responsibilities being granted to the Bank, the status and accountability of the FMI Board should be reinforced.
- 5.11 The government therefore proposes that the FMI Board be placed on a statutory footing for the purposes of exercising its functions in relation to the regulation of CCPs and CSDs.
- 5.12 The Bank would be responsible for exercising its new general rule-making power as it relates to CCPs and CSDs through the committee. This would ensure that there is greater clarity as to the decision-making arrangements at the Bank in relation to CCPs and CSDs and bring CCP and CSD regulation more into line with the other responsibilities of the Bank, such as the functions undertaken by the PRA. The government is also considering how to provide additional accountability and transparency by ensuring that it is clear how the Bank is responsible for advancing the new objectives proposed in this consultation and held accountable in accordance with the proposed new accountability mechanisms. Finally, having a statutory committee would make clear that none of these changes would affect the other functions of the Bank.
- 5.13 Alongside this, the government is considering what additional requirements would be necessary in statute, including on the transparency of the committee's makeup and its process for making decisions. The FMI Committee would be tightly focussed, overseeing a small number of firms. Therefore, it is appropriate that the committee be established in a streamlined and proportionate manner in order to minimise costs and ensure that any additional processes reflect its far narrower remit when compared to the PRC.

Relationship with HM Treasury

- 5.14 The government considers that the greater responsibility being given to the regulators, following the UK's departure from the EU and the implementation of the FRF Review, should be balanced with effective policy input from, and appropriate accountability to, government.

5.15 As set out in paragraph 5.2, the government has taken the PRA and FCA's existing, or proposed, accountability mechanisms as the starting point when considering similar mechanisms for the Bank. As such, the government believes that the following mechanisms to hold the PRA and FCA accountable to HM Treasury should also apply to the Bank, with minor adjustments so that they are relevant and proportionate.

Recommendation letters

5.16 The Bank of England Act 1998 and FSMA provide that HM Treasury may at any time make recommendations to the PRC, the governing committee of the PRA, and to the FCA (respectively) about aspects of the economic policy of the government to which the PRC and FCA should have regard in when exercising their functions. These recommendations are made through recommendation letters (also known as remit letters).

5.17 These recommendations to the PRC and the FCA must be made at least once a Parliament and must be published by HM Treasury and a copy laid before Parliament. The recommendation letters serve the valuable purpose of providing an opportunity for government to make recommendations related to particularly topical issues or aspects of the government's economic policy. The government has, in the FRF Review consultation, proposed amending this existing requirement in relation to the PRC and FCA by introducing a new statutory requirement for the PRC and the FCA to respond to HM Treasury recommendations on an annual basis.

5.18 There is currently no similar requirement for HM Treasury to make recommendations to the Bank in relation to its regulation of CCPs and CSDs. The government is therefore proposing to provide that HM Treasury may make recommendations to the Bank about aspects of the economic policy of the government to which the Bank should have regard in when exercising its functions in relation to its regulation of CCPs and CSDs.

5.19 The government believes that recommendation letters for the Bank should be subject to the same procedural requirements as the recommendation letters for the PRC and FCA. Therefore, in line with the requirement for HM Treasury to publish FPC responses and lay them before Parliament, and the approach proposed in the FRF Review consultation for the PRC and the FCA, the government intends that HM Treasury should be required to make recommendations "at least" once per Parliament and that the responses should be published by HM Treasury and laid before Parliament. Within the response, the Bank should provide an overview of:

- how they have taken account of each recommendation in the letter
- any impact on policy that has resulted from recommendations

5.20 The government intends to require the Bank to respond to these recommendations within twelve months and thereafter on an annual basis covering their activity in the previous year. This is in line with the requirement proposed for the PRC and the FCA in the FRF Review consultation.

Power for HMT to require the Bank to conduct a rule review

- 5.21 At present, HM Treasury does not have any formal mechanism to require the Bank to conduct reviews of their existing rules. However, the introduction of a general rule-making power for the Bank, and the increased policymaking responsibilities that this would entail, would mean that there may be areas where it is in the public interest for HM Treasury to require the Bank to review their rules to assess whether they are appropriate.
- 5.22 As such, the government proposes to take to a new power to be able to require the Bank to review its rules where the government considers that it is in the public interest. This would allow, where appropriate, for an independent person to be appointed to conduct the review. This proposal strikes the appropriate balance between maintaining the operational independence of the Bank and ensuring that there is appropriate ongoing scrutiny of the Bank's rules.
- 5.23 The government expects the proposed power would only be used in exceptional circumstances. For example, where there has been a significant change in market conditions, or other evidence suggests that the relevant rules are no longer acting as intended.
- 5.24 Such a power would be intended to be consistent with the proposed power set out in the FRF consultation for HM Treasury to be able to require the PRA and FCA to conduct a rule review. The government therefore expects that the legislation would also set out requirements on how the power would be operationalised, which could include:
- HM Treasury powers of direction on scope, conduct, timing, and making of reports on the rule review
 - a requirement for the Bank to report the outcome of the review to HM Treasury
 - a requirement for HM Treasury to lay directions and reports before Parliament and publish them, unless this would be considered not in the public interest
 - a requirement for the Bank to maintain a statement of policy on how it will conduct reviews under the power

Overseas deference arrangements and trade agreements

- 5.25 The government currently has extensive deference arrangements with overseas jurisdictions (which include incorporating nearly all of the existing EU equivalence determinations for overseas jurisdictions at the end of the transition period into UK law), as well as deference afforded to the UK by overseas jurisdictions. In utilising its new deference tools, the government also intends to enter into Mutual Recognition Agreements with our overseas partners.
- 5.26 The government considers there will, therefore, be a case for the Bank to consider the possible impact on relevant deference arrangements afforded to the UK by overseas jurisdictions and assess compliance with relevant trade

agreements as a matter of course when making rules and when setting general approaches on supervision, where relevant and proportionate.

- 5.27 When making rules and when setting general approaches on supervision, the government proposes that the Bank would be required to consult HM Treasury on the general anticipated impact on these areas, providing the opportunity for further dialogue to assist the government with the management of the UK's deference arrangements. For trade agreements this would require the Bank to assess, where proportionate and relevant, whether the exercise of their powers is in compliance with the UK's obligations under our trade agreements. This approach is in line with the proposal for the PRA and the FCA in the FRF Review consultation.

Accountability to Parliament

- 5.28 The FRF Review consultation set out two new mechanisms relating to the parliamentary accountability of the regulators. The government believes that these mechanisms should apply to the Bank and should be applied in a consistent manner to how they are applied to the PRA and FCA. These two mechanisms are:

A requirement to notify the relevant parliamentary committee of a consultation

- 5.29 The government intends to bring forward a new statutory requirement for the Bank to notify the relevant parliamentary committee when it publishes a consultation on any matter. This would ensure that the committee has the information it requires to be able to carry out effective scrutiny of the Bank's proposals. In particular, it would give the committee the opportunity to scrutinise the section of the consultation dealing with how the proposals advance the Bank's objectives and how it has considered its regulatory principles and any other relevant considerations.

A requirement to respond to Parliament

- 5.30 At present, there is no statutory requirement for the Bank to respond to formal responses to consultations from select committees. In line with the proposal in the FRF Review consultation, the government intends to bring forward a new statutory requirement for the Bank to respond in writing to formal responses to statutory consultations from Parliamentary committees. This proposal will allow Parliament to understand how the Bank has considered the committee's views and any changes that have been made to the approach, drawing on (or cross-referring to) the policy statement issued by regulators where relevant.

Engagement with external stakeholders

- 5.31 Effective stakeholder engagement and critique is as valuable in the regulation of CCPs and CSDs as it is in the regulation of other parts of the financial services sector. Therefore, it is important that the Bank's stakeholder engagement is sufficiently rigorous and that the processes that

are placed around rule-making accurately reflect the benefits and costs of the underlying policy.

The Bank's cost-benefit analysis (CBA) processes

- 5.32 When exercising its rule-making powers under FSMA, the Bank must comply with various provisions of Part 9A FSMA (as set out in paragraph 10 of Schedule 17A FSMA) including on consultation, cost benefit analysis, explanation of the purpose of the proposed rules, compatibility with the Bank's financial stability objective, publication and notification to HMT. However, as noted in the FRF Review consultation, it may not always be clear when and how the regulators decide to conduct a CBA or what the process involves. The proposals for reform below are consistent with those suggested for the PRA and FCA in the FRF consultation and are intended to promote increased transparency and improved consistency of the CBA process.
- 5.33 The government believes that the Bank should be required to do the following:
- l) Publish a framework on how the Bank will carry out cost-benefit analysis**
- 5.34 In order to increase transparency regarding when stakeholders can expect a CBA to be conducted, and what that CBA will consist of, the government proposes a new statutory requirement for the Bank to publish and maintain a public version of its framework for conducting CBA.
- 5.35 The legislation would not specify the content of this framework in detail. However, the government expects that it would specify that the framework includes clear explanations of the following:
- the criteria establishing when CBA is necessary (including an explanation of existing exemptions)
 - the methodology involved in different aspects of CBA
 - how representations at consultation are considered
- 5.36 The government proposes that under this new statutory requirement the Bank should be required to explain any criteria it has for determining when to conduct a CBA beyond its existing statutory obligations under FSMA. This requirement is intended to ensure there is a clear explanation for all of the CBA conducted by the regulators.
- 5.37 The publication, and maintenance, of new frameworks in relation to the Bank's approach to CBA will provide transparency going forward and support robust regulatory policymaking. Clear and publicly available CBA processes should provide further assurance to stakeholders that the Bank is seeking to understand the effect of its regulatory policymaking. This should also support stakeholders in considering effectively whether the Bank's assessments through its CBA are correct.

II) Establish a statutory panel to support its approach to cost-benefit analysis

- 5.38 As is the case for the PRA and FCA, the government believes that there is value in providing enhanced external challenge of the Bank's CBA. This could be best achieved by the Bank also being subject to the same requirement as the PRA and FCA to establish and maintain a panel as proposed in the FRF Review consultation.
- 5.39 As noted in chapter 6 of the FRF Review consultation, the government is considering whether it would be most effective for the panel to provide its input "pre-publication" as part of the development of CBA for individual consultations, or for the panel to provide its input "post-publication" and scrutinise the approach post-implementation, at a more aggregate level, to consider more systematically the regulators' approach and methodology in approaching CBAs.

Stakeholder engagement

- 5.40 The government has also considered how it can ensure appropriate stakeholder engagement within the Bank's decision-making process. Good levels of external challenge are vital elements of good policy making, helping to provide the robust evidence base upon which decisions should be made and ensuring that regulation is designed with the end user in mind.
- 5.41 The government believes that the Bank already engages effectively with its direct stakeholders (i.e. the CCPs and CSDs it regulates). Given that the Bank in this capacity has a very small but diverse set of regulated firms, the government does not believe that a statutory stakeholder panel for these firms would be proportionate or effective.
- 5.42 However, there may be a case for further transparency around how the Bank engages with its stakeholders, including the institutions it regulates and the members and clients that these institutions service. The government is interested in hearing stakeholders' views on this matter.

Question 2: Do you agree with the proposed enhanced accountability mechanisms to HM Treasury and Parliament, as well as the proposed measures to increase transparency to external stakeholders?

Chapter 6

Responding to this consultation and next steps

- 6.1 This consultation will remain open for six weeks, closing on 28 February 2022. HM Treasury are inviting stakeholders to provide responses to the questions set out above, share their views on our proposed future approach, or to provide views on any issue relevant to the effective operation of the UK's framework for CCP and CSD regulation. The government will respond to these consultation responses in due course.

Who should respond?

- 6.2 A wide range of stakeholders will be interested in the important issues presented in this document. Responses are welcome from all stakeholders, including:
- Financial services institutions and firms
 - Other businesses impacted by financial services regulation
 - Trade associations and representative bodies
 - Consumer groups

- 6.3 Please submit your responses to FRF_Review.CCPs_CSDs@hmtreasury.gov.uk, or post to:

The Bank of England's regulation of CCPs and CSDs

Financial Services

HM Treasury

1 Horse Guards Road

SW1A 2HQ

HM Treasury Future Regulatory Framework Review: Central Counterparties and Central Securities

Depositories 2022 Consultation - Processing of Personal Data

- 6.4 This notice sets out how HM Treasury will use your personal data for the purposes of the Future Regulatory Framework Review: Central Counterparties and Central Securities Depositories 2022 consultation and explains your rights under the General Data Protection Regulation (GDPR) and the Data Protection Act 2018 (DPA).

Your data (Data Subject Categories)

- 6.5 The personal information relates to you as either a member of the public, parliamentarians, and representatives of organisations or companies.

The data we collect (Data Categories)

- 6.6 Information may include your name, address, email address, job title, and employer of the correspondent, as well as your opinions. It is possible that you will volunteer additional identifying information about themselves or third parties.

Legal basis of processing

- 6.7 The processing is necessary for the performance of a task carried out in the public interest or in the exercise of official authority vested in HM Treasury. For the purpose of this consultation the task is consulting on departmental policies or proposals or obtaining opinion data in order to develop good effective government policies.

Special categories data

- 6.8 Any of the categories of special category data may be processed if such data is volunteered by the respondent.

Legal basis for processing special category data

- 6.9 Where special category data is volunteered by you (the data subject), the legal basis relied upon for processing it is: the processing is necessary for reasons of substantial public interest for the exercise of a function of the Crown, a Minister of the Crown, or a government department.
- 6.10 This function is consulting on departmental policies or proposals, or obtaining opinion data, to develop good effective policies.

Purpose

- 6.11 The personal information is processed for the purpose of obtaining the opinions of members of the public and representatives of organisations and companies, about departmental policies, proposals, or generally to obtain public opinion data on an issue of public interest.

Who we share your responses with

- 6.12 As part of policy development, HM Treasury may share full responses to this consultation, including any personal data provided (such as your name and email address) with the Bank of England.
- 6.13 Information provided in response to a consultation may be published or disclosed in accordance with the access to information regimes. These are primarily the Freedom of Information Act 2000 (FOIA), the Data Protection Act 2018 (DPA) and the Environmental Information Regulations 2004 (EIR).
- 6.14 If you want the information that you provide to be treated as confidential, please be aware that, under the FOIA, there is a statutory code of practice with which public authorities must comply and which deals with, amongst other things, obligations of confidence.
- 6.15 In view of this it would be helpful if you could explain to HM Treasury why you regard the information you have provided as confidential. If HM Treasury receive a request for disclosure of the information HM Treasury will take full account of your explanation, but HM Treasury cannot give an assurance that confidentiality can be maintained in all circumstances. An automatic confidentiality disclaimer generated by your IT system will not, of itself, be regarded as binding on HM Treasury.
- 6.16 Where someone submits special category personal data or personal data about third parties, HM Treasury will endeavour to delete that data before publication takes place.
- 6.17 Where information about respondents is not published, it may be shared with officials within other public bodies involved in this consultation process to assist HM Treasury in developing the policies to which it relates. Examples of these public bodies appear at:
<https://www.gov.uk/government/organisations>
- 6.18 As the personal information is stored on HM Treasury's IT infrastructure, it will be accessible to HM Treasury's IT contractor, NTT. NTT will only process this data for HM Treasury's purposes and in fulfilment with the contractual obligations they have with HM Treasury.
- 6.19 At a future date, HM Treasury may decide to publish summarised and/or anonymised versions of responses to this consultation document as part of a second consultation.

How long we will hold your data (Retention)

- 6.20 Personal information in responses to consultations will generally be published and therefore retained indefinitely as a historic record under the Public Records Act 1958.
- 6.21 Personal information in responses that is not published will be retained for three calendar years after the consultation has concluded.

Your Rights

- 6.22 You have the right to request information about how your personal data are processed and to request a copy of that personal data.

- 6.23 You have the right to request that any inaccuracies in your personal data are rectified without delay.
- 6.24 You have the right to request that your personal data are erased if there is no longer a justification for them to be processed.
- 6.25 You have the right, in certain circumstances (for example, where accuracy is contested), to request that the processing of your personal data is restricted.
- 6.26 You have the right to object to the processing of your personal data where it is processed for direct marketing purposes.
- 6.27 You have the right to data portability, which allows your data to be copied or transferred from one IT environment to another.

How to submit a Data Subject Access Request (DSAR)

- 6.28 To request access to personal data that HM Treasury holds about you, contact:

HM Treasury Data Protection Unit
Ground Orange
1 Horse Guards Road
London
SW1A 2HQ
dsar@hmtreasury.gov.uk

Complaints

- 6.29 If you have any concerns about the use of your personal data, please contact us via this mailbox: privacy@hmtreasury.gov.uk
- 6.30 If we are unable to address your concerns to your satisfaction, you can make a complaint to the Information Commissioner, the UK's independent regulator for data protection. The Information Commissioner can be contacted at:

Information Commissioner's Office
Wycliffe House
Water Lane
Wilmslow
Cheshire
SK9 5AF
0303 123 1113
casework@ico.org.uk

- 6.31 Any complaint to the Information Commissioner is without prejudice to your right to seek redress through the courts.

HM Treasury contacts

This document can be downloaded from www.gov.uk

If you require this information in an alternative format or have general enquiries about HM Treasury and its work, contact:

Correspondence Team
HM Treasury
1 Horse Guards Road
London
SW1A 2HQ

Tel: 020 7270 5000

Email: public.enquiries@hmtreasury.gov.uk