



HM Treasury

# Recommendations for the Financial Conduct Authority: April 2022

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Presented to Parliament pursuant to section 1JA(3) of the Financial Services and  
Markets Act 2000



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

7 April 2022

Nikhil Rathi  
Chief Executive  
Financial Conduct Authority  
12 Endeavour Square  
London  
E20 1JN

Dear Nikhil,

#### **RECOMMENDATIONS FOR THE FINANCIAL CONDUCT AUTHORITY**

In accordance with section 1JA of the Financial Services and Markets Act 2000 (the Act), this letter makes recommendations to the Financial Conduct Authority (FCA) about aspects of the economic policy of the government to which the FCA should have regard when considering how to act in a way which is compatible with its strategic objective; how to advance one or more of its operational objectives; how to discharge its duty to promote effective competition in the interests of consumers; the application of the regulatory principles set out in the Act; and the importance of taking action to minimise the extent to which it is possible for a business to be used for a purpose connected with financial crime. It should be read in conjunction with my letter of 23 March 2021 as the recommendations in this letter are intended to supplement rather than replace the recommendations made in the 2021 letter. This letter will also be presented to Parliament pursuant to section 1JA(3) of the Act.

My letter of 23 March 2021 set out my recommendation that the FCA should have regard to the government's commitment to achieve a net-zero economy by 2050 under the Climate Change Act 2008 (2050 Target Amendment) Order 2019 when considering how to advance its objectives and discharge its functions. I welcome the work that the FCA has done to date on this issue, including the TCFD rules and development of Sustainability Disclosure Requirements.

The Prime Minister recently set out the government's energy security strategy. Oil and gas currently provide three quarters of our energy, and around half of our demand for gas is met through domestic supplies. To reduce our reliance on imported fossil fuels, UK sources of oil and gas have a critical role, both to keep our economy supplied and in supporting the transition to net zero. The Government is taking a balanced approach: committed to accelerated investment

in low- and zero carbon technologies, while supporting our strong and evolving UK hydrocarbon industry. Where practical and relevant, the FCA should have regard to the Government's energy security strategy and the important role that the financial system will play in supporting the UK's energy security - including through investment in transitional hydrocarbons like gas - as part of the UK's pathway to net zero.

I thank the FCA for its continued efforts and dedication.

Best wishes,

A handwritten signature in blue ink, appearing to read 'Rishi Sunak', with a stylized flourish at the end.

RISHI SUNAK