HM Treasury

Financial Services Future Regulatory Framework Review

Call for Evidence: Regulatory Coordination

July 2019

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Introduction

A thriving, dynamic financial services sector is vital to the success of any modern economy. Financial markets, banks, insurance companies, investment firms and a wide range of other financial institutions are an essential part of a nation's economic infrastructure. They play a crucial role in transforming savings into productive investment and provide the means for efficient management of risk. But financial services are especially important to the UK, which is home to one of the world's most important financial centres and with the sector being one of our largest employers and leading exporters.

As with any area of economic activity, the approach taken to regulating financial services can make a huge difference to the sector's development and the contribution it makes to the wider economy. The scale of the 2007-08 financial crisis, and the deeply damaging consequences it had for the economy as a whole, illustrate the vital importance of getting financial services regulation right. Financial regulation has been transformed since the financial crisis , with significant reform of prudential and conduct regulation; tighter capital requirements for a range of financial institutions; and a more robust resolution regime. With many of the key regulatory reforms introduced following the financial crisis now in place and as the UK withdraws from the EU, now is the right time for the UK to begin to take stock of its overall approach to financial regulation by looking at the framework within which regulation is developed and applied to the financial services sector.

This is the first publication in HM Treasury's Future Regulatory Framework Review, announced by the Chancellor in his Mansion House speech. This document introduces the Review, and invites submissions on the first phase, which will examine the processes for managing the combined impact of regulatory change on financial services firms and their customers, including coordination between regulatory authorities. This Call for Evidence will run from July to October 2019.

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Chapter 1

The Future Regulatory Framework

What do we mean by the regulatory framework?

1.1 The regulatory framework sets the overall approach to regulation of financial services and establishes the institutional architecture needed to operationalise the regulatory regime. The term 'regulation' is used here in its widest sense to cover all of the regulatory rules and activity which affect financial services firms, markets and consumers (including binding requirements, whether in legislation made by Parliament or rules made by regulators, guidance, and supervisory or data gathering activity). While there is no exact definition of what constitutes the regulatory framework, a broad view would include:

- the general principles and processes for developing and implementing financial services policy in the UK, including who specifies and defines the activities and services which are regulated, how that process is done, the consequences for failing to adhere to regulatory requirements and how legal rights and obligations apply to firms, markets and consumers;
- the institutions that are responsible for developing policy, implementing requirements, and supervising compliance with regulatory rules and objectives;
- the mechanisms by which the policy and regulatory institutions are accountable for their work.

1.2 The framework should provide a clear and trusted long-term foundation for effective regulation. Among other things, an optimally designed framework should:

- deliver robust regulatory standards and supervision to manage the risks faced by consumers, financial markets, financial services firms and the financial system as a whole; and ensure regulatory standards are adequate and proportionate to the risks they address;
- provide effective and efficient coordination arrangements between UK regulatory bodies in order to guard against emerging risks being missed, and to ensure the operation of the regime as a whole does not place undue regulatory burdens on firms or consumers;
- foster competition and innovation in the provision of financial services, in order to provide better services for consumers and businesses that meet their needs and provide value for money;

- facilitate cooperation and the development of common standards across international regulatory bodies and jurisdictions, and support the ability of UK financial services to compete in international markets, as well as ensuring that the UK is open and attractive to new and existing trading partners;
- ensure that policy and regulatory requirements are agile, adapting dynamically to changing circumstances and supporting innovation;
- support the vital function of the financial services sector as an engine for UK economic growth – one of the principal objectives of financial regulation should be to ensure adequate, efficient and sustainable allocation of capital across the economy;
- ensure that the operation of the UK regulatory framework is transparent and subject to appropriate and meaningful democratic accountability.

1.3 The regulation of financial services is a technically challenging and continually evolving area of public policy and law. With the right framework in place, regulation of UK financial services will be able to consistently and effectively meet the objectives described above over the long-term.

How the financial services regulatory framework has developed in recent years

1.4 The foundation of the UK's current regulatory framework is the Financial Services and Markets Act 2000 (FSMA). Previously, financial regulation was based on a patchwork of statutes with a range of regulatory bodies, many of which were self-regulatory, responsible for policing industry standards. The Financial Services Act 1986 (the 1986 Act) had started a process to rationalise regulation and provide a firmer foundation in legislation. The 1986 Act established the first statutory regulator for financial services– the Securities and Investments Board. FSMA extended this process of rationalisation significantly, modernising financial regulatory arrangements which were previously established under a number of different enactments.

1.5 FSMA established an overall model for financial services regulation, including the following key features:

- Parliament, through primary legislation, sets the overall approach and institutional architecture for financial services regulation;
- Parliament establishes the broad parameters within which HM Treasury sets the 'regulatory perimeter' – deciding which financial activities should be regulated and the circumstances in which regulation should apply – in secondary legislation;
- an expert, operationally independent regulator – the Financial Services Authority (FSA) (superseded in 2013 by the Financial Conduct Authority and Prudential Regulation Authority) – with statutory responsibility for setting the detailed requirements that apply to regulated firms and markets. The FSA was also responsible for enforcing requirements applied to firms operating within the perimeter and for taking action against

breaches of the perimeter. Operational independence was underpinned by enabling the FSA to fund itself through a levy on regulated firms;

- the FSA would be tasked with meeting key statutory objectives, with transparency and accountability requirements set by legislation to ensure appropriate accountability to Parliament, HM Treasury, regulated firms and the public.

1.6 The financial crisis of 2007-08 revealed serious flaws in the UK's system of regulation, particularly in the incoherent allocation and co-ordination of responsibilities across the 'Tripartite' institutions – HM Treasury, the Bank of England and the FSA. The Bank had inadequate tools to meet its financial stability objective; the FSA's responsibilities were too broad to allow for sufficient focus on the stability of firms; and no part of the framework had responsibility for monitoring the crucial link between firm stability and the stability of the financial system as a whole.

1.7 The post-crisis framework reforms were therefore focused primarily on institutional design and allocation of responsibilities. The FSA was abolished and:

- the **Financial Policy Committee (FPC)** was established within the Bank of England to take on responsibility for the stability of the financial system as a whole, or 'macroprudential' regulation;
- the **Prudential Regulation Authority (PRA)** was established as the micro-prudential regulator of firms which manage significant balance sheet risk as a core part of their business – banks, insurers and the larger, more complex investment firms. The PRA sets regulatory requirements through broad rule-making powers conferred by FSMA ("PRA rules");
- the **Financial Conduct Authority (FCA)** was created to focus on conduct of business regulation, with the mandate to promote the right outcomes for consumers and market participants, including through the promotion of competition. It is also responsible for the prudential regulation of firms not within the remit of the PRA. The FCA sets regulatory requirements through broad rule-making powers conferred by FSMA ("FCA rules");
- in 2013, the **Payment Systems Regulator (PSR)** was established as the economic regulator of the payment systems industry in the UK;
- FSMA was amended to provide more effective mechanisms for coordination across HM Treasury and the regulators.

1.8 The government continues to believe that these institutional arrangements provide the most effective way of ensuring clear and robust regulatory focus on macroprudential, microprudential, economic, and conduct risks. As such, it does not expect to examine these arrangements as part of the Future Regulatory Framework review. The delegation of responsibilities to expert and independent regulators remains a model of public administration which is well suited to the complex and technical challenges of financial regulation, for which certainty, long-term focus and a degree of insulation from political influence are important to maintain the confidence of industry and consumers. The government expects expert, independent regulators to remain a core feature of the UK framework.

The role of the EU

1.9 While the post-crisis institutional reforms were substantial, the FSMA framework within which the regulatory institutions operate remains essentially the same as it was before the crisis. But, in practice, the way the framework operates has been considerably affected by the growing importance of EU regulation of financial services. Over time, with the development of the EU's single market for financial services, EU legislation applying to financial services activity has expanded considerably. The expansion of EU regulation coincided with a substantial agenda for regulatory reform to address the regulatory failures exposed by the 2007-08 financial crisis, with much of that reform delivered through EU legislation. Key areas of regulation which are now set at the EU level include the prudential regulation of banks, investment firms and insurers, the regulation of financial markets, and conduct regulation of key financial products such as insurance and retail investment products.

1.10 EU legislation generally takes the form of either Directives, which require Member States to pass implementing legislation or Regulations, which have direct effect at the national level. Where EU legislation requires full harmonisation, Member States may have no scope for discretion; however, where EU legislation only requires harmonisation to a minimum standard, Member States retain the discretion to go beyond the EU requirements. In addition to Regulations and Directives, the Commission may also adopt legally binding acts and standards where it has been delegated the power to do under a Regulation or Directive. The European Supervisory Authorities – The European Banking Authority, the European Securities and Markets Authority, and the European Insurance and Occupational Pensions Authority – may propose Binding Technical Standards (subordinate EU legislation specifying certain content of a regulation or directive in more detail).

1.11 As a major international centre for financial services and an EU Member State, the UK has played a leading role in the development of EU legislation on financial services. HM Treasury, along with the Foreign & Commonwealth Office, represents the UK at the Council of the European Union when financial services legislation is being discussed, and actively engages with the European Commission, which is responsible for initiating new legislative proposals. The UK regulators engage with European Supervisory Authorities and may vote on proposed Binding Technical Standards.

1.12 Once EU legislation is in force, Member States must follow the requirements of EU law. A Member State must either implement EU requirements in national law through the transposition of Directives, which the UK has largely done through a combination of secondary legislation under the European Communities Act 1972, and regulator rules (PRA and FCA rules made under FSMA); or by ensuring that directly applicable EU law (Regulations, Delegated Regulations and Binding Technical Standards) are adequately supervised and enforced by national authorities. Where EU requirements apply, there is diminishing scope to set policy or design implementing measures at the national level. Functions allocated to UK institutions under the FSMA framework to develop policy have increasingly been used to implement policy set at the EU level.

Looking to the future

1.13 As the Chancellor of the Exchequer explained in his 2019 Mansion House speech,[1] UK financial services are faced with a number of fundamental, long-term challenges, to which the sector must adapt if it is to thrive and continue to play its vital role underpinning UK economic growth and job creation. Making sure the UK has a regulatory framework fit for the future will be essential to enable the sector to adapt, innovate and grow. The Chancellor identified four key challenges:

1. **Operating outside the EU:** with key areas of UK financial regulation now set at the EU level, withdrawal from the EU raises important issues about how the UK framework will operate in the future. We will need to examine how our regulatory arrangements need to adapt to reflect the UK's new position outside of the EU and its single market for financial services. The key policy and legislative functions currently provided by the EU will have to be taken on by UK institutions. This will raise important questions about how financial services policy is made in the UK, how policy is translated into regulatory rules and how these functions are made accountable, including accountability to the UK Parliament.
2. **New relationships:** the government expects our trading relationship with the EU to remain of vital importance, including UK-EU trade in financial services. But global economic developments mean that the balance of the UK's international trade will inevitably shift, with future growth increasingly generated by dynamic, emerging markets beyond Europe. Our regulatory framework will need to be open to those new markets, and support the development of new trading relationships as well as facilitating cooperation on international standards and supervision.
3. **Technological change:** the provision of financial services is evolving rapidly, with new technologies driving rapid change. These technologies are enabling new businesses models that are disrupting conventional ways of delivering financial services, and meeting consumer demands that did not exist a short time ago. Our approach to regulation must support the sector in integrating and exploiting the technologies of the future, whilst managing risks and protecting consumers. And our framework must support industry innovation, by building in flexibility to ensure policy can evolve in step with those developments. The Chancellor also announced a HM Treasury-led review of the payments landscape in his 2019 Mansion House speech. That review is an important first step to bring together policymakers and regulators to make sure that regulation and infrastructure keeps pace with the proliferation of new payments models.

[1] Mansion House dinner speech, Rt Hon Philip Hammond MP, June 2019, https://www.gov.uk/government/speeches/mansion-house-dinner-speech-2019-philip-hammond

4 **Wider global challenges:** finally, our framework must be agile and facilitate a creative and far-sighted approach to the development of policy that will support the financial services sector in helping to solve our society's biggest policy challenges. In particular, the government believes that the financial services sector will play a critical role in addressing the challenges of an ageing population and in supporting the government's commitment to deliver a net zero-carbon emissions economy by 2050.

1.14 While all of these challenges will make their impact felt well into the future and will be highly relevant themes when considering any reforms to the framework, there are two main reasons why it makes sense to begin a reappraisal of our regulatory framework now. Firstly, UK withdrawal from the EU will have important consequences for the way the framework operates, and adjustments will need to be made to reflect the UK's position outside of the EU. Secondly, the substantial regulatory reforms designed to safeguard financial stability following the 2007-08 financial crisis are now in place, offering an opportunity to assess our approach to regulation in the round in a way which would have been difficult while these reforms were still being made.

HM Treasury's approach to the Financial Services Future Regulatory Framework Review

1.15 These are significant, complex and long-term challenges that will require a rigorous and comprehensive review of the UK framework, drawing on the expertise of UK regulators and stakeholders. In particular, how the Future Regulatory Framework review proceeds will depend on the nature of the UK's exit from, and future relationship with, the EU. HM Treasury is therefore commencing a phased review.

1.16 The first phase of this review will focus on the effective coordination of regulatory activity across the various regulatory institutions in the UK framework. This first phase of the review is explained in more detail in Section 2 of this document.

1.17 Subsequent phases of the review are expected to cover the broader framework issues discussed above. Once arrangements for the UK's withdrawal from the EU become clear, HM Treasury will set out further detail on the later phases of the review.

Chapter 2

Call for Evidence: Ensuring efficient and effective coordination across the regulatory regime

2.1 As set out in the previous chapter, the number of regulatory bodies with jurisdiction over the financial services sector has increased in the 10 years since the financial crisis, as has the body of regulation that the sector, as a whole, complies with. These bodies, and the government, work together, to coordinate their activities, forming the regulatory framework that firms interact with. The government believes that the regulatory institutions that are in place are the right ones. However, it is important that the government continues to take stock of how the regime is working, responding to feedback from industry that there is scope for further improvement.

2.2 Therefore, this Call for Evidence – which will run from July to October – looks at how government and the regulators work together to coordinate their activities to ensure the best outcomes for the financial services sector, consumers of financial services, and the UK as a whole.

2.3 Views are invited from all interested stakeholders on how HM Treasury and the UK regulators with jurisdiction over the financial services sector work together and with firms to coordinate and manage the overall impact of concurrent regulatory interventions on the financial services industry and consumers.

Overview of the financial services regulatory landscape

The UK regulators

2.4 The regulators play an essential role in the UK regulatory framework, carrying out a range of functions, including: developing policy alongside HM Treasury through their own policy, research and evaluation functions; introducing or supporting the introduction of regulatory requirements; providing guidance to firms and consumers; and carrying out supervision and enforcement. In carrying out their functions the regulators are operationally independent, meaning they are not subject to government influence.

2.5 There are five main regulators responsible for the regulation and supervision of financial services firms:

- the **Financial Conduct Authority (FCA)** is the conduct regulator for 58,000 financial services firms and financial markets in the UK, and the prudential regulator for over 18,000 of those firms. The FCA has powers to make rules, publish guidance, authorise firms, and take enforcement action;

- the **Prudential Regulation Authority (PRA)** is responsible for the prudential regulation and supervision of around 1,500 banks, building societies, credit unions, insurers and major investment firms. The PRA has the power to make rules, publish guidance, authorise firms and take enforcement action;

- the **Bank of England** supervises financial market infrastructure (FMI) – such as central counterparties (CCPs), recognised payment systems, and central securities depositories – to ensure continuity of the services they provide. The Bank has powers for supervision and enforcement of relevant FMI requirements and the power to issue guidance. The Financial Policy Committee of the Bank identifies and acts to remove or reduce systemic risks with a view to protecting and enhancing the resilience of the UK financial system;

- the **Payments Systems Regulator (PSR)**is the economic regulator of the £81 trillion payments systems industry in the UK, and has duties to promote competition, innovation and the interests of service users in the payments market. The PSR has powers to set prices and order divestments if deemed necessary;

- the **Competition & Markets Authority (CMA)** is the UK's primary competition and consumer authority. It is responsible for carrying out investigations into mergers, markets and the regulated industries and enforcing consumer and competition law. It exercises concurrent jurisdiction with the FCA and PSR to apply competition law in the financial services sector. The CMA, the FCA and the PSR can conduct market studies and, if appropriate, the CMA can follow-up with a further, in-depth investigation into whether any feature of the market, or combination of such features, prevents, restricts, or distorts competition. At the end of such an investigation, the CMA can impose binding remedies.

2.6 In addition to the regulatory bodies set out above, there are a range of other UK bodies that interact with, and affect requirements on, financial services firms, including the Financial Reporting Council, the Financial Ombudsman Service (FOS), and the Information Commissioner's Office.

Regulatory requirements

2.7 The financial services sector is subject to both sector-specific regulation and broader cross-sectoral regulation, that apply across business sectors in the UK. The introduction of new financial services legislation is either the responsibility of HM Treasury or the EU.

2.8 **HM Treasury** is responsible for delivering the government's programme of financial services legislation. In introducing or making new legislation, HM

Treasury follows Cabinet Office Consultation Principles[1], and the requirements of the Better Regulation Framework[2] – including producing impact assessments, which are subject to scrutiny by an independent body (the Regulatory Policy Committee). All new legislation is subject to scrutiny by Parliament.

2.9 In addition, the **FCA and PRA** are responsible for making and amending rules under FSMA ('FSMA rules'). The regulators' FSMA rule-making powers are statutory powers delegated by Parliament to the regulators and they are not subject to approval by either HM Treasury or Parliament. In most cases, FSMA requires that the regulators consult on draft proposed rule changes, and that this consultation is accompanied by a Cost-Benefit Analysis. The financial services regulators also have an independent function to supplement legislation and regulator rules with guidance

2.10 The regulators described above also have a range of powers to direct or otherwise place requirements on firms. Some examples of this are, the **Bank** has powers to gather information from FMIs, and in certain circumstances to direct firms;[3] the **PSR** can issue both general and firm specific directions;[4] and the **CMA** has the power to conduct studies and into markets where it is suspected that features of the market are causing an 'adverse effect on competition', which can result in it requiring behavioural or structural remedies.[5]

2.11 While they are responsible for introducing new regulatory requirements, the bodies described above may be subject to constraints on when regulatory changes come into force – for example, EU Directives may specify a commencement date.

2.12 The UK regulators and the European Supervisory Authorities also have the power to issue guidance. Although not binding in the manner of legislation, such guidance is important to enable firms to understand what is expected of them and – in addition to binding regulation – forms part of the material which firms must take into account to meet regulatory requirements.

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1 Consultation Principles: Guidance, Cabinet Office (https://www.gov.uk/government/publications/consultation-principles-guidance)

2 Better Regulation Framework: Guidance, Department for Business, Energy and Industrial Strategy (https://www.gov.uk/government/publications/better-regulation-framework)

3 The Bank of England's approach to the supervision of financial market infrastructures, April 2013 (https://www.bankofengland.co.uk/-/media/boe/files/financial-stability/financial-market-infrastructure-supervision/the-boe-approach-to-the-supervision-of-fmi.pdf?la=en&hash=CD95F6E8C2093172F4EA183E0A552D815FAAB5C5)

4 Powers and Procedures Guidance, The Payment Systems Regulator, March 2015 (https://www.psr.org.uk/sites/default/files/media/PDF/PSR%20Powers%20and%20Procedures%20Guidance.pdf)

5 Towards the CMA, Competition and Markets Authority, July 2013 (https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/212285/CMA1_-_Towards_the_CMA.pdf)

Coordination and consultation

2.13 The government and the regulators work together to coordinate their regulatory activity, and ensure a well-functioning regulatory regime. There are a variety of existing formal mechanisms to facilitate this coordination, including:

- the FCA and PRA are under a statutory duty to coordinate the exercise of their functions, and must agree a Memorandum of Understanding (MoU) setting out their respective roles in areas of common regulatory interest and how they intend to coordinate;[6]
- the Bank of England, FCA, PRA and PSR are under a statutory duty to coordinate their activities, and to agree a MoU setting out how they will do so.[7] They also have the discretion to put in place MoUs with other bodies, with MoUs already in place between the FCA and CMA,[8] and the FCA and the FOS;[9]
- the Chief Executive Officers of the FCA and PRA sit on each other's boards, and these regulators are required to address regulatory cooperation in their annual reports;[10]
- the membership of the Bank of England's Financial Policy Committee includes, in addition to the Governor of the Bank, 4 Deputy Governors, the Chief Executive of the FCA and 5 external members appointed by the Chancellor, and a representative of HM Treasury as a non-voting member.[11]
- each year the Treasury must send the FPC a letter setting out recommendations, including recommendations about the FPC's remit for the forthcoming year, and a statement of the government's economic policy.[12]
- HM Treasury writes to the FCA and PRA at least once a Parliament about aspects of economic policy to which the regulators should have regard when considering how to advance their objectives;

6 Sections 3D-3E of FSMA

7 Sections 98-99 of the Financial Services (Banking Reform) Act 2013; Memorandum of Understanding between the Bank of England, the Financial Conduct Authority, the Payment Systems Regulator and the Prudential Regulation Authority, July 2018; https://www.psr.org.uk/sites/default/files/media/PDF/BoE-FCA-PRA-PSR-MoU.pdf

8 CMA and FCA Memorandums of Understanding, January 2016; https://www.gov.uk/government/publications/cma-and-fca-memorandum-of-understanding

9 Memorandum of Understanding between the Financial Conduct Authority (the FCA) and the scheme operator, the Financial Ombudsman Service Ltd, December 2015; https://www.fca.org.uk/publication/mou/mou-fos.pdf

10 Paragraphs 2(2)(c) and 11(1)(g) of Schedule 1ZA and paragraph 19(1)(d) to Schedule 1ZB to FSMA and section 30A(2)(e) of the Bank of England Act 1998

11 Section 9B of the Bank of England Act 1998

12 Sections 9D and 9E of the Bank of England Act 1998; Recommendations for the Financial Conduct Authority, Rt Hon Philip Hammond MP, March 2017; https://www.gov.uk/government/publications/recommendations-for-the-financial-conduct-authority-spring-budget-2017; Recommendations for the Prudential Regulation Committee, Rt Hon Philip Hammond MP, March 2017; https://www.gov.uk/government/publications/recommendations-for-the-prudential-regulation-committee-spring-budget-2017

- the FCA, the PSR and the CMA are members of the UK Competition Network, and the FCA, PSR and Information Commissioner's Office are members of the UK Regulators Network.

2.14 Alongside these formal cooperation mechanisms, HM Treasury and the regulators work together on a day-to-day basis to formulate policy, prepare legislation and regulation, and to coordinate their activities.

2.15 More broadly, the government continues to think about how coordination across the public and private sectors can be enhanced, such as through the use of Smart Data to improve consumer outcomes in essential markets.[13]

2.16 This Call for Evidence seeks views on how existing cooperation between the government and regulatory authorities can be enhanced, ensuring the overall impact of regulatory interventions on firms and their consumers is well understood and well managed.

Box 2.A: Call for Evidence

Key Questions

The government welcomes views on the following topics, and in particular, welcomes views as to what currently works well and where there may be potential for improvement:

1. How UK bodies, including the Treasury and regulators with jurisdiction over the financial services sector, work together to coordinate regulatory interventions for financial services firms ('regulatory interventions' includes regulatory changes, regulatory initiatives, publications, consultations and data/information requests), including:
    a. how UK bodies balance the benefits to consumers of financial services (both individual and businesses) of timely regulatory action against the impact on firms of meeting potentially challenging timeframes on requirements;
    b. how UK bodies understand and assess the overall impact of simultaneous regulatory interventions on firms, particularly in the way these are sequenced and how they consider the wider regulatory landscape;
    c. whether UK bodies request the right amount of information from firms as part of the policy-making process, and whether these processes provide an adequate opportunity for firms to highlight the impact of proposed changes.

13 Smart Data: Putting consumers in control of their data and enabling innovation, Department for Business, Energy & Industrial Strategy, June 2019 https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/808272/Smart-Data-Consultation.pdf

2. How firms and the regulators can work together to make authorisation, supervision and enforcement more efficient, including:

    a. how might firms and the regulators take advantage of new technology to make supervisory reporting more efficient, flexible and less burdensome;

    b. how might firms allow or facilitate data sharing between regulators to improve regulatory coordination;

    c. how firms go about making sufficient investment in their systems and controls to ensure these are fit for the future.

Considerations

Wherever possible, responses should include specific examples to illustrate views provided. Please include specific examples of what works well at the moment, from both a firm and consumer perspective; and examples of good practice in the UK and other jurisdictions.

Where there are examples of challenges faced by firms or negative impacts for consumers arising from ineffective co-ordination, responses should, where possible, set out the impact in quantitative terms, including, for example:

- past - and predicted future - pinch points that have/may impact on firms or the users of financial services;
- the aggregate impact of regulatory change on operational systems/resilience including IT downtime – taking into account both the costs and benefits of systems changes prompted by regulation;
- regulatory changes undertaken over challenging timeframes.

Respondents are also asked to provide examples of where long-term investment in technology, systems and controls by firms has enabled firms to adapt to regulatory and other changes.

Where the examples are of challenges faced, respondents are invited to provide views on alternative approaches that could have been taken to improve outcomes while still achieving the goals of the regulatory intervention and ensuring that government and regulators can respond in a timely manner to risks.

Chapter 3

When and how to submit your responses

3.1 This Call for Evidence will remain open for three months, and close on 18 October 2019.

3.2 Please submit your responses to FRF.Review@hmtreasury.gov.uk

3.3 Or post your response to:

Regulatory Coordination Call for Evidence
Financial Services Regulatory Strategy
1 Red
HM Treasury
1 Horse Guards Road
SW1A 2HQ