



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

27 February 2020

Executive Vice President Dombrovskis

Dear Executive Vice President Dombrovskis,

UK's preparations for assessments of financial services equivalence

I look forward to speaking in our conversation later this week and in the longer term, to a friendly and constructive relationship working together in areas where we share common interests – in particular financial services, customs and tax, and climate change. I am sure we will also be able to achieve some important progress as we work together towards our hosting of COP26 in partnership with Italy. I understand you recently had a productive meeting with Mark Carney - his role as Finance Advisor for COP 26 will be very important, and my department will be working closely with him on this.

I wanted to write to provide some detail on the UK's preparations for assessments of equivalence now that the UK has left the EU.

Both parties have agreed to start assessing equivalence with respect to each other under their respective frameworks as soon as possible after the United Kingdom's withdrawal from the Union, endeavouring to conclude these assessments before the end of June 2020.

The UK is committed to meeting this deadline and we are ready to work collaboratively over the next few months to ensure we can both do so. At the end of the transition period, the UK and EU will start from a position of regulatory alignment. The UK and the EU should be able to conclude equivalence assessments swiftly and I see no reason why we cannot deliver comprehensive positive findings to the June timeline (though I note that the date has not been included in the EU's mandate agreed on the 25th February).

To help support these assessments, and recognising that the Commission have previously stated that equivalence from the outset involves dialogue with third country authorities, we are ready to begin working with your team in a structured way so that we can both progress our assessments of each other. I propose we do this by establishing a dialogue for the exchange of information to support our autonomous decision-making on equivalence. As such, I have asked my officials to reach out to their counterparts on your side to initiate discussions on equivalence, establish a programme of meetings to work efficiently through the issues at hand, and provide initial technical information on the UK's equivalence framework and regulatory regime.

The negotiations about our future relationship are of course being handled on a different track. But I would like to reiterate here that the UK is committed to working with the EU to build a friendly future relationship on financial services which is based on cooperation between sovereign equals. We have published our own paper setting out our approach to these negotiations, including on financial services. Our negotiators will be discussing this in Brussels next week.

I look forward to welcoming you to London soon.

I am copying this letter to: Sir Tim Barrow, UK Ambassador to the EU; David Frost, Prime Minister's Sherpa and EU Advisor; Alok Sharma MP, Secretary of State Department for Business, Energy and Industrial Strategy; Katharine Braddick, Director General Financial Services, HM Treasury; and John Berrigan, Acting Director General, DG FISMA.

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