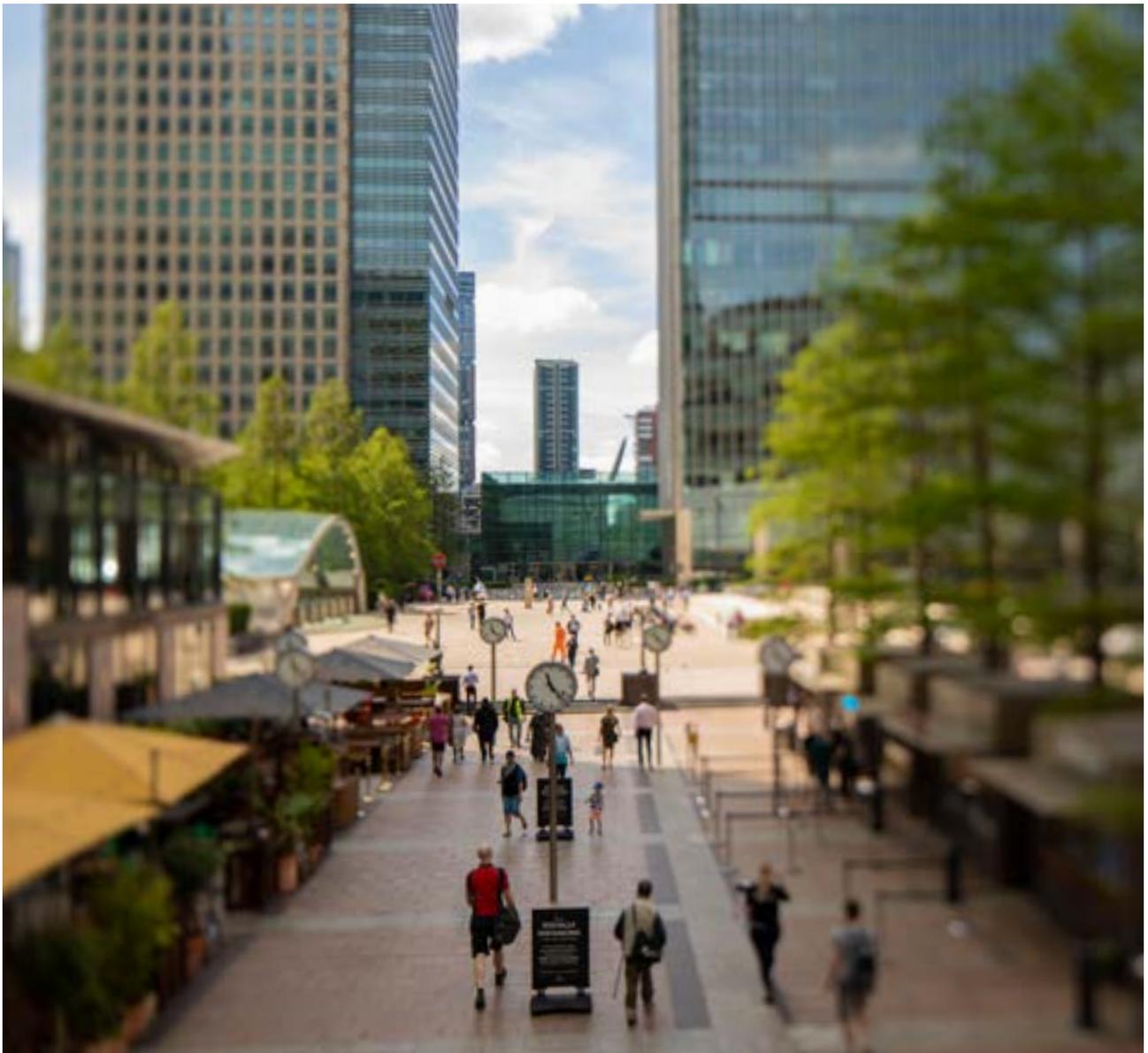




A new chapter for financial services



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HM Treasury

A new chapter for financial services

Rishi Sunak

Chancellor of the Exchequer

July 2021

The sector has talented people from all over the world, **creating jobs throughout the economy** and across the UK. I want to ensure that the government - working with our world-class regulators - takes an **agile and dynamic approach**, one which enables those in **the financial services sector to evolve and thrive** as they embrace the new opportunities of the future.

Rishi Sunak,
Chancellor of the Exchequer

Chancellor of the Exchequer

The UK's financial services sector is one of the most open, innovative and dynamic in the world. It is not just an industry in its own right but the engine of our economy. Last year, in the House of Commons, I set out my vision for an open, green, and technologically advanced financial services sector. A sector that is globally competitive and acts in the interests of communities and citizens, creating jobs, supporting businesses, and powering growth across the UK.

Ensuring open and competitive markets also means having an attractive and internationally recognised ecosystem across both regulation and tax. Now that we've left the EU, we have a unique opportunity to take an approach that better suits our markets, while still maintaining high regulatory standards. At home and abroad, I want the UK's financial services sector to be recognised as the most trusted and competitive place to do business. And I want to go further and faster, to capitalise on our new freedoms and push for closer cooperation and more cross-border access with other like-minded financial centres in markets around the world.

Financial services are also vital to our everyday lives. The benefit of a vibrant financial services sector was clearly demonstrated in the economic response to the pandemic. The sector worked with the government and the regulators to keep branches open for those who needed them, offered payment holidays for those in financial difficulty and provided loans to businesses in need.

Making sure our financial services sector continues to be a success will depend on the skill, energy, and vision of the people who work in it. The sector has talented people from all over the world, creating jobs throughout the economy and across the UK. I want to ensure that the government – working with our world-class regulators – takes an agile and dynamic approach, one which enables those in the financial services sector to evolve and thrive as they embrace the new opportunities of the future.

This new chapter for financial services sets out the government's plan to achieve that vision.



Governor of the Bank of England

Financial services play a critical role in our economy, enabling consumers and businesses to invest, share risks, borrow, and transact through both good times and bad. The UK has a long history as an open, global financial centre, at the forefront of innovation, so this is a public good which is shared globally.

This global public good depends on the resilience and safety of the UK financial system. The UK has a leading role in ensuring that these standards are robust and fit for purpose in a global financial centre. The Bank of England and Prudential Regulation Authority (PRA) remain committed to the implementation of robust prudential standards in the UK, maintaining a level of resilience at least as great as required by international standards.

Resilience is critical for both established financial services and new innovations, including in digital money. We must be clear on the rules of the road, to allow that innovation to serve the public interest. The Bank and PRA are committed to provide a lead in setting out these rules of the road and thinking openly about how they can be fitted to changing circumstances. This will enable the sector to make the most of the new opportunities we have to do things differently, and in a way that better suits the UK.

This vision recognises the central role of robust regulation in supporting a UK financial system that works for the UK and global public good. The UK has a very bright future as a leader in global financial markets which serve in the common public interest.



This vision recognises the central role of robust regulation in supporting a UK financial system that **works for the UK and global public good**. The UK has a **very bright future as a leader in global financial markets** which serve in the common public interest.

Andrew Bailey,
Governor, Bank of England

Financial services have a central role to play if the UK is to take full advantage of the **opportunities ahead** – whether that is addressing **technological disruption**, meeting the challenge of **climate change**, adjusting to a **post-Covid world** or using the **flexibility** presented by our departure from the European Union.

Nikhil Rathi,
Chief Executive Officer,
Financial Conduct Authority

Chief Executive of the FCA

Financial services have a central role to play if the UK is to take full advantage of the opportunities ahead – whether that is addressing technological disruption, meeting the challenge of climate change, adjusting to a post-Covid world or using the flexibility presented by our departure from the European Union.

The FCA is committed to meeting these challenges, without compromising on the high standards for which the UK is justly renowned, building on the UK's strengths as an open, global financial centre.

We swiftly intervened during the pandemic to help millions of people suffering income shocks obtain payment deferrals on their mortgages and credit products, working with industry and the government. We also secured clarity for small enterprises with respect to business interruption insurance, and our work of many years focusing on firms' operational resilience supported the stability of the financial system operating in unprecedented times.

Innovation will continue to drive new ways of doing business and appropriate regulation can attract firms that revolutionise finance in the interests of consumers. The FCA will continue its world-leading support for innovative firms, including through our Regulatory Sandbox and support for those who want to scale new ideas.

The UK has an important voice on green finance, especially this year as the Chair of COP26. The FCA recently published proposals on climate-related disclosures for key financial services businesses, supporting the government's roadmap published last year and complementing our rules requiring premium listed companies to disclose how they are managing their exposure to climate change. We are supporting work to develop international standards to support global cross-border markets.

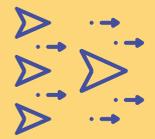
We are committed to working with the government to ensure our capital markets are dynamic and effective for issuers and investors, following Lord Hill's review of the listings regime.

While change brings opportunities, it is important that we remain vigilant where the pace of that change can cause harm.



A new chapter for financial services

The government's vision is for an open, green, and technologically advanced financial services sector that is globally competitive and acts in the interests of communities and citizens, creating jobs, supporting businesses, and powering growth across all of the UK.



An open and global financial hub

We will use our strengths as a global financial hub to establish and enhance strong relationships with jurisdictions all around the world, attracting investment and increasing opportunities for cross-border trade. We will promote international standard setting to encourage the global financial system to support openness through consistently high standards.

A sector at the forefront of technology and innovation

We will support innovation and the adoption of cutting-edge technologies through nimble policy-making and agile regulation, for the benefit of businesses, consumers and the economy, while ensuring appropriate protections and promoting financial stability.

A world-leader in green finance

We will ensure the financial system plays a major role in the delivery of the UK's net zero target and ambition for a 'nature positive' future. We will press for global action and build international standards, including through COP26, using our leading commercial and policy expertise to reaffirm the UK as the best place in the world for green and sustainable investment.

A competitive marketplace promoting effective use of capital

We will maintain and build on the UK's attractive and internationally respected ecosystem for financial services across both regulation and tax. We will tailor this to reflect our new position outside the European Union, while ensuring we support and promote the interests of UK markets and maintain high regulatory standards in the face of new and evolving risks.

Why the financial
services sector
matters to the UK

400



Our **leadership** and **innovation** in financial services goes back over **400 years**

The UK's role as a global financial hub

The UK has one of the most open, innovative and dynamic financial services sectors in the world. It is the engine of our economy, a driving force of global markets, and critical to the creation of sustainable growth at home and abroad.

As a global centre of finance, we are confident international advocates for openness and competition. Whether in renminbi and rupee products, leading innovation in fintech, or as a global hub for green finance, the UK can use its world-renowned financial services sector as a platform to drive progress on a wide range of globally important priorities.

Our leadership and innovation in financial services goes back over 400 years. The UK pioneered the first paper banknotes in the 17th century, the first regulated stock exchange in 1801, and even the first ATM in Enfield in the 1960s. However, our economy has also suffered the consequences of ineffective oversight and management of financial risk. After the global financial crisis in 2008, the UK was instrumental in the development of reforms to improve the stability of the global financial system, to make sure that the mistakes of the past are not repeated. And the government reformed the regulatory system to ensure the right regulators are focused on the right risks.

Taking advantage of the new freedoms offered now that we have left the EU, we will build upon our historic strengths to renew the UK's position as the world's pre-eminent financial centre.

A sector that delivers for businesses and consumers across the UK

Almost everyone in the UK interacts with financial services on a daily basis – from small events, like everyday purchases using a debit or credit card, to big life-changing events, like taking out a mortgage to buy a new home. The financial services sector enables consumers to save for their retirement, to take out a loan to buy a new car, to insure those things that matter to them most, to access financial advice and guidance when they need it and to keep their money safe and secure in a current account. It allows British businesses to thrive, to manage their cash flow during good times and bad, to invest in order to increase productivity, to manage risk during periods of uncertainty and to create jobs in the UK and abroad. Given its reach, and its importance in helping both businesses and consumers through the ups and downs of their lives, it is vital that we have an industry that supports everyone, and financial services that people can access regardless of their income or background.

It is therefore important that people are not left behind by the rapid advancement in financial technology. That is why the government has committed to protecting access to cash. It is also crucial that the most vulnerable in society are able to engage with financial services safely and have the right support when things go wrong. That is why the government has established the Breathing Space scheme supporting people struggling with debt, and is funding a No-Interest Loans Scheme pilot, to help vulnerable consumers who would benefit from affordable credit to meet unexpected costs. And it is vital for wider economic prosperity that businesses can access a range of finance options that suit to their needs. That is why the government is supporting the work of the regulators to reduce the barriers to growth for new and smaller players in the SME finance market.

The government is committed to a financial services sector that supports the real economy and will continue to work with the regulators and with industry to ensure the sector is delivering for businesses and consumers across the UK.

COVID-19 has been an important reminder that financial services are essential services. Throughout the pandemic, the sector has played a vital role in keeping local bank branches open, supporting vulnerable customers, and worked alongside



COVID-19 has been an important reminder that **financial services are essential services**

**We have a
unique
opportunity ...
to build a
system that
continues to
be the one the
rest of the
world looks
towards**

government and our world-class regulators to deliver tens of billions of pounds in emergency loans to businesses across the UK.

This experience has shown that our financial services industry is a truly national endeavour, operating across all regions and all four nations. More than 2.3 million people are employed in financial and related professional services in the UK. Two thirds of those now work outside of London, in Bournemouth, Bristol, Cardiff, Birmingham, Chester, Manchester, Leeds, Belfast, Durham, Edinburgh and beyond.

A sector that delivers on the government's priorities

Whether it is supporting a healthy private investment ecosystem that channels investment into UK businesses and infrastructure, or leading the way in ensuring companies transition towards sustainable investment, the financial services sector continues to have a critical role as a contributor and enabler for the wider economy. Innovation and dynamism in financial services will increasingly play a crucial role in levelling up the regions and nations of the UK.

As the response to the pandemic has demonstrated, a coordinated effort across the public and private sector can deliver extraordinary results, with the financial services sector integral to the wider economic response. We will therefore continue to harness that potential, not just in times of crisis, but to drive forward delivery of the government's wider priorities like the economic recovery and net zero.

At this moment, we have a unique opportunity to assess whether we want to do things differently, to ensure the financial services sector has the right rules and regulations for our markets, and to build a system that continues to be one the rest of the world looks towards.

The UK financial services sector

Financial and related professional services contributed £194.2 billion to UK gross value added (GVA), representing £10 of every £100 of economic output.^[1]

£194.2bn

UK-based financial and related professional services generate an annual trade surplus of £77.9 billion.^[1]

£77.9bn

1 in 14 UK workers (2.3 million in total) are in jobs in financial and related professional services, and 2 out of 3 of these jobs are outside of London.^[1]

2.3m

A global financial hub

The UK is the largest insurance and long-term savings provider in Europe^[4]; with a total premium volume in excess of £286 billion, over £80 billion more than the next highest in Europe.

£286bn

The UK manages assets worth nearly £10 trillion and is the 2nd largest investment management hub in the world.^[2]

£9.9tn

The UK market accounted for 43% of global foreign exchange turnover and over half the global share of over the counter interest-rate derivatives.^[3]

43%

Supporting communities and businesses through the pandemic

Through the government loan guarantee schemes, the financial services sector provided finance to more than 1.5 million businesses to access more than £75 billion of finance.^[5]

£75bn

The financial services sector has provided over 2.7 million mortgage payment holidays and 2 million payment holidays on personal loans and credit cards.^[6]

4.7m

At any point during the first lockdown at least 84% of bank, building society and Post Office branches remained open.^[7]

84%

^[1] Key facts about UK-based financial and related professional services 2021, TheCityUK, March 2021 ^[2] Investment management in the UK 2019-2020, The Investment Association, September 2020 ^[3] The foreign exchange and over-the-counter interest rate derivatives market in the United Kingdom, Bank of England, December 2019 ^[4] UK Insurance & Long-Term Savings: Key Facts, Association of British Insurers, February 2021 ^[5] Coronavirus (COVID-19) business loan scheme statistics) HM Treasury, March 2021 ^[6] Lenders continue to provide financial support for customers impacted by Covid-19, UK Finance, December 2020 ^[7] Cash and Covid: identifying gaps in provision during Covid-19, FCA, September 2020



London

London's financial sector adds over £63 billion to the UK economy^[8], helping cement its position as a global exporter of finance, and contributing to a national trade surplus of over £41 billion in financial and insurance activities.^[9]

Belfast

Financial and related professional services are a UK-wide industry, including by providing over 19,000 jobs in Belfast, and a further 17,000 jobs across the rest of Northern Ireland.

Cardiff

Fintech firms and financial service firms adopting fintech to deliver their business activities contribute up to £2 billion of GVA to the Cardiff economy annually, and employ 20,700 people in Wales.

Glasgow

Glasgow will take centre stage hosting COP26 in November, where finance will play an essential role in accelerating the transition to net zero.

Leeds

Pension funds and insurers could invest up to £190 billion in UK infrastructure over the next decade^[10], and the National Infrastructure Bank in Leeds will work with the private sector to unlock at least £40 billion of projects across the UK.^[11]

Edinburgh

Edinburgh was ranked the 6th leading financial services centre in Western Europe this year, and is a global leader in banking, investment management activities and life insurance.^[12]

^[8] Regional gross value added (balanced) by industry: all ITL regions, ONS, May 2021 ^[9] Pink Book 2020, ONS, October 2020

^[10] National Infrastructure Strategy, HM Treasury, November 2020 ^[11] UK Infrastructure Bank opens for business, HM Treasury, June 2021

^[12] Fintech. A Priority Sector. And Potential World-Leader?, Cardiff Capital Region, February 2020 ^[13] GFCI 29 Rank, Longfinance.net (Z/Yen Group), March 2021

As the response
to the pandemic
has demonstrated,
**a coordinated effort
across the public
and private sector
can deliver...**

extraordinary





• ordinary • results •

A new chapter for financial services

We will use our strengths as a **global financial hub** to establish and enhance **strong relationships** with jurisdictions **all around the world**, attracting investment and **increasing opportunities** for cross-border trade.

We will promote **international standard setting** to encourage the global financial system to support **openness** through **consistently high standards**.

An open and global financial hub

To deliver this vision we have:

- **Secured an ambitious new financial services partnership with Singapore.** The government agreed an ambitious new financial services partnership between the UK and Singapore on 30 June 2021, which will ensure greater information sharing, closer cooperation in international fora, and increased certainty over firms' access to Singapore's markets.
- **Established the US-UK Financial Regulatory Working Group as a comprehensive, senior-level dialogue between the world's two leading global financial centres.** This group has enabled a clear dialogue throughout the UK's departure from the EU and will ensure continued close cooperation on the economic response and global recovery from the COVID-19 pandemic.
- **Granted a package of equivalence decisions across financial services regulation for European Economic Area (EEA) countries and granted Switzerland an equivalence decision in relation to share trading.** In addition, the government has rolled over around 270 EU equivalence decisions.
- **Legislated to ensure the UK can meet its G20 commitments to implement the global Basel reforms.** This will ensure that the PRA can update the UK's prudential regime for banks in line with the latest standards from the Basel Committee on Banking Supervision.
- **Cemented the UK's status as the leading western hub for Islamic Finance through the issuance of a second Sovereign Sukuk.** At £500 million, this second issuance in March 2021 was more than double the size of the first.
- **Sought stakeholders' views through a Call for Evidence on our overseas framework.** This will help the government better understand how firms are using the regime to access UK markets, and provide an evidence base to inform how this could be improved for the future.



The government has agreed an **ambitious new financial services partnership** between the UK and Singapore



We will **promote high international standards** on financial stability, innovation and sustainability



...ensure UK-based firms are best-placed **to take advantage of new opportunities**

To deliver this vision we will:

- **Deliver an outcome-based Mutual Recognition Agreement with Switzerland.** This will establish a ground-breaking system of deference and market access, opening up new opportunities for trade.
- **Promote high international standards on financial stability, innovation and sustainability.** The UK will remain a global leader in developing consistent international standards, driving progress through our memberships of the Financial Stability Board, G7 and G20. The government will also leverage our bilateral relationships, including through the proposed forum on regulatory cooperation in the forthcoming UK-EU Memorandum of Understanding.
- **Deliver equivalence assessments and decisions with jurisdictions where it is in the UK's interest.** This will be based on the principles set out in the November 2020 equivalence guidance document, using the government's technical and outcomes-based model.
- **Set the new global standard for financial services in trade agreements.** The UK has already set best practice in the agreements concluded with Japan and the EEA European Free Trade Association countries. The government will build on this through ongoing negotiations with the US, Australia and New Zealand, accession to the Comprehensive and Progressive Agreement for Trans-Pacific Partnership, and future negotiations with India and other countries.
- **Deepen our financial services relationships with the largest emerging markets, including China, India and Brazil.** The UK has secured a range of positive liberalising measures and continues to work closely with these markets, including on green finance, fintech, capital markets, insurance and pension reforms. This will ensure UK-based firms are best-placed to take advantage of new opportunities.
- **Deliver targeted and tailored high skilled visa reforms, alongside establishing a global outreach strategy by expanding the Global Entrepreneur Programme, marketing the UK's visa offering and exploring building an overseas talent network.** This will build on the new points-based immigration system to create an internationally competitive visa system for high skilled, globally mobile talent from around the world.



cutting-edge

techno



logy.

A new chapter for financial services

We will **support innovation** and the adoption of **cutting-edge technologies** through nimble policy-making and **agile regulation**, for the benefit of businesses, consumers and the economy, while ensuring **appropriate protections** and promoting **financial stability**.

To deliver this vision we have:

- **Cemented the UK's reputation as a global hub for fintech by responding to recommendations from the Kalifa Review of UK Fintech.** Following the publication of the review on 26 February 2021, the government has set out clear actions to respond to these recommendations.
- **Established the Bank of International Settlements UK Innovation Hub to foster collaboration on fintech.** As part of a global network, the Hub opened in June 2021 and will coordinate international research across the central banking community.
- **Started assessing the case for a new form of money by establishing a Central Bank Digital Currency (CBDC) Taskforce with the Bank of England.** As announced on 19 April 2021, the government and the Bank of England will now lead a joint taskforce and engage widely with stakeholders on a potential UK CBDC that would exist alongside cash and bank deposits.

A sector at the forefront of **technology** and **innovation**



...ensure the cash system continues to **meet the needs** of businesses and consumers

To deliver this vision we will:

- **Facilitate the adoption of new technology in wholesale markets.** Working with the regulators, the government is developing a new sandbox for financial market infrastructure to allow the UK to promote technological change and support innovation.
- **Harness the benefits of new technologies like cryptoassets and stablecoins.** The government will respond to its consultations on the regulatory treatment of cryptoassets and stablecoins, and bringing certain cryptoassets into the scope of financial promotions regulation. This will support the safe adoption of these technologies in the UK.
- **Protect access to cash by legislating to enable consumers and businesses to continue to make cash withdrawals and deposits within a reasonable distance.** The government is consulting on legislative proposals to ensure the cash system continues to meet the needs of businesses and consumers and that the UK's cash infrastructure is sustainable in the long-term. The consultation was launched on 1 July 2021.
- **Set out a long-term vision for UK payments networks in the Payments Landscape Review.** The government wants to ensure the UK maintains its status at the cutting edge of payments technology and will respond to the call for evidence shortly.
- **Ensure that the UK immigration system provides access to talent for growing, innovative companies.** The government will introduce a new scale-up visa stream that will allow those with a job offer at the required skills level from a recognised UK scale-up to qualify for a fast-track visa.



a global hub for

green f

We will ensure the financial system plays a **major role** in the delivery of the **UK's net zero target** and ambition for a **'nature positive' future**.

Finance

We will press for **global action** and **build international standards**, including through COP26, using our leading commercial and policy expertise to **reaffirm the UK as the best place** in the world for **green and sustainable investment**.

To deliver this vision we have:

- **Committed to making disclosures aligned with the Task Force on Climate-related Financial Disclosures mandatory across the economy by 2025, with most requirements in place by 2023.** The UK has also used its chair of the G7 to broker an agreement to move towards making climate disclosures mandatory across their respective economies - a major step towards ensuring the global financial system plays its part in the transition to net zero.
- **Published the UK Government Green Financing Framework, which details how the green gilt will finance projects to tackle climate change and other environmental challenges while creating green jobs across the UK.** The Framework was published on 30 June 2021 and sets out the types of green projects that will be financed by green gilt proceeds. The inaugural green gilt will be issued in September 2021, subject to market conditions.
- **Issued product information on the National Savings and Investments (NS&I) Green Savings Bonds to enable UK savers to play their part in tackling climate change.** Product information was announced on 30 June 2021 by NS&I, who will launch Green Savings Bonds later this year.

A world-leader in green finance

To deliver this vision we will:

- **Use the UK's international leadership of COP26 to build a global financial system that mobilises private finance to support the re-engineering of economies for net zero.** This will ensure every professional financial decision takes climate change into account.
- **Rally the financial services sector to commit to net zero through membership of the Glasgow Financial Alliance for Net Zero.** The government will also work closely with the regulators to encourage and support firms to publish transition plans and will provide further details before the end of 2021.
- **Combat greenwashing with common and transparent definitions of sustainable activities and investments.** To deliver this the government has established the Green Technical Advisory Group to provide advice on the implementation of the UK Green Taxonomy.
- **Require businesses to disclose their risks and opportunities from, and impact on, the climate and the environment through implementing integrated Sustainability Disclosures Requirements (SDR).** This economy-wide regime will cover real-economy corporates, financial services firms, and pension schemes. The government will work closely with the regulators to ensure strong coordination and a coherent approach across the economy, and will publish a roadmap setting out its approach to sustainability disclosures ahead of COP26.
- **Enable consumers to quickly and easily see the environmental impact of their investments.** The government will work with the FCA to introduce a sustainable investment label. This will cover retail investments using information provided through the SDR.
- **Position the UK as the leading global market for high-quality voluntary carbon offsets.** This effort will be led by Dame Clara Furse's newly-established UK Voluntary Carbon Markets Forum.



...every professional financial decision **takes climate change into account**

**A competitive
marketplace**
promoting
effective use
of capital

We will maintain and build on the UK's attractive and **internationally respected ecosystem** for financial services across both regulation and tax. We will **tailor this to reflect our new position** outside the European Union, while ensuring we **support and promote** the interests of **UK markets** and **maintain high regulatory standards** in the face of new and evolving risks.

To deliver this vision we have:

- **Passed the Financial Services Act 2021 as a first step in amending the UK's regulatory regime outside the EU.** This included measures to enhance the UK's world-leading prudential standards, promote openness to international markets, and maintain the effectiveness of the financial services regulatory framework so that the sector continues to deliver for consumers and businesses.
- **Commissioned Lord Hill to recommend changes to the UK listing regime to encourage more companies to list on UK markets, including fast-growing new economy and technology companies.** The government has accepted all the recommendations made to it and will now take these forward, including by publishing an annual State of The City report, starting in 2022. The FCA have also committed to consulting on and making relevant rule changes by late 2021.

...resulting
in improved
competition
and prudential
outcomes

- **Legislated to introduce the Investment Firms' Prudential Regime.** This legislation provides the FCA with the powers to deliver a tailored regime that will lower overall capital requirements for non-systemic investment firms. The new regime will be more proportionate to the risks posed and faced by these firms, resulting in improved competition and prudential outcomes.
- **Appointed an independent panel, chaired by Keith Skeoch, to undertake a review of the ring-fencing legislation and proprietary trading activities.** The review will assess whether ring-fencing is achieving its intended objectives, while considering the impact of the regime on banking competition and international competitiveness. The panel's report is expected in early 2022.
- **Launched a review of the VAT treatment of fund management and established an industry working group to examine the case for reviewing the VAT treatment of financial services.** This work aims to ensure that the VAT system supports our wider objectives for the sector and is fit for the future.
- **Promoted the establishment of the Financial Services Skills Commission to develop the talent and skills for the future of the sector.** This industry-led group continues to road-test new skills frameworks with relevant firms, including publishing a report on the future skills needs of the nations and regions across the UK in June 2021.

To deliver this vision we will:

- **Deliver changes to the financial services regulatory framework to reflect the UK's position outside the EU through the Future Regulatory Framework Review.** The government will publish a second consultation in autumn 2021 that will consider changes to regulators' objectives, principles and accountability, and responsibility for relevant areas of retained EU law.
- **Reform the prudential regulatory regime for insurance firms.** The government published a response to its call for evidence on Solvency II on 1 July 2021, setting out the next steps in spurring a vibrant and competitive insurance sector without compromising high standards of policyholder protection.
- **Champion efficient and competitive markets by reviewing the UK's wholesale capital markets regime.** The government is consulting on reforms intended to improve the quality and effectiveness of regulation, while making it more efficient. We will focus first on immediate changes we can make to remove the most ineffective and distortionary regulatory requirements, such as the share trading obligation and double volume cap. The consultation was launched on 1 July 2021.
- **Ensure the UK's prospectus regime is fit for purpose by consulting on reforms to the regime.** This follows the UK Listings Review and is a key step in taking forward several of Lord Hill's recommendations. These reforms will deliver a regime that is fit for the future so that more companies can and do list on UK markets. The consultation was launched on 1 July 2021.
- **Enhance the attractiveness of the UK for asset management through reviewing the funds regime.** This review of the UK's funds regime covers tax and relevant areas of regulation. Informed by the government's recent call for input, the review is considering changes to support a wider range of investments better suited to investor needs.



Champion
efficient and
competitive
markets

...unlock finance for innovative UK firms

- **Foster long-term investment by creating the Long-Term Asset Fund structure.** This new fund structure will build on the progress of the Productive Finance Working Group to support the government's ongoing work to unlock finance for innovative UK firms. These rules are expected to be published by the FCA later in 2021.
- **Protect the international competitiveness of the UK banking sector by reviewing the bank surcharge.** Announced at Budget 2021, this internal review will set out in autumn how it will ensure that the combined rate of tax on banks' profits does not increase substantially from its current level and that rates of UK taxation are competitive with major competitors.
- **Maintain robust prudential standards for central counterparties (CCPs), whilst strengthening this regime in other key areas such as governance and resolution.** This follows the government's consultation on expanding the resolution regime for CCPs. The government will also consult on implementing a Senior Managers and Certification Regime for CCPs.
- **Support a dynamic and diverse UK banking sector with streamlined prudential regulations.** The PRA's ongoing work on a 'strong and simple' approach will reduce the complexity of the UK's prudential landscape for smaller banks and building societies to reduce barriers to growth.
- **Ensure the UK Securitisation Regulation is fit-for-purpose and supports the economic recovery.** This is being considered through the government's call for evidence as part of the review of the Securitisation Regulation, published on 24 June 2021.

Delivering our vision

With this ambitious new chapter for the financial services sector already underway, by the end of this Parliament we will have:

-
- Secured best-in-class financial services agreements with new partners and deepened existing relationships, supporting stable and open markets.
 - Put in place the building blocks to enable financial markets to support the transition to net zero in the UK and across the world.
 - Delivered regulatory changes to harness the most innovative and cutting-edge technology in financial services.
 - Tailored the regulatory framework to ensure the UK is recognised internationally as one of the safest and most competitive places to locate financial services businesses and activities.



...the UK is recognised internationally as one of the **safest** and **most competitive** places



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