



HM Treasury's Statement of New Regulation 2

This Government has committed to being the first in history to leave office having cut the overall burden of red tape. This commitment is being implemented through the One In One Out Policy, which means any new regulation imposing costs on business is being off-set by deregulation of an equivalent amount; the Red Tape Challenge which is taking a fundamental look at all regulations currently on the statute books; and the moratorium on new regulations for micro-businesses and start-ups. The Treasury is committed to playing its part in this a challenging but necessary agenda.

Since January 2011, the Treasury has succeeded in scrapping domestic red tape worth £26.45million a year to British businesses.

This statement focuses on the domestic measures HM Treasury is introducing between July and December 2011, which fall in scope of the Government's One In One Out policy. European legislation and measures designed to address systemic financial risk are exempt.

By December 2011, we will have introduced:

- Financial Services Authority (FSA) regulation of the sale and rent back market: This is designed to prevent industry abuses leading to people losing their homes. It brings regulation of small mortgage lenders in line with standards already applied to large businesses, and is an important consumer protection measure. It will have a £1.48million a year cost to business.
- A protected cell regime for UK open ended investment companies: This regime will create a legal framework that will improve the competitiveness of the UK asset management industry by protecting investors in sub-funds who currently bear some of the risk of related sub-funds in the event of fund collapse. It will have a £0 net cost to business under One In One Out, but may lead to increased profits of up to £2million a year.
- Legislative Reform Order on mutuals: This deregulatory measure will reform and modernise the rules for Industrial and Provident Societies, for example abolishing limits on transferable capital and allowing them to publish interim accounts without the cost of auditing. These changes should lead to an expansion in IPSs' customer base and lead to savings of £5.2million a year.
- Exemption from FSA regulation for Registered Housing Associations in Northern Ireland. This will save Registered Housing Associations in Northern Ireland the costs of FSA registration when engaging in sale and rent back arrangements and avoid double regulation as they already fall under the supervision of the regulator of social housing in Northern Ireland. This brings them in to line with housing associations in England, Wales and Scotland and will not have a negative impact on consumer protection. As it is deregulatory it will save £0.39million a year.

- Early implementation measures of Amending Directive 2003/71/EC on the prospectus to be published when securities are offered to the public or admitted to trading. This will help smaller businesses raise finance more easily - which is vital for promoting growth - by lifting a number of small offers outside the Prospectus regime, saving SMEs from needing to produce a costly prospectus. While this is European Union legislation, it is in scope of One In One Out because these deregulatory measures have been brought into effect early in the UK, in order to save UK businesses £12million a year.

Overall these measures will bring benefits to business of £16.1million per year.

Whilst the Treasury has taken action to reduce regulatory burdens wherever possible, we recognise that it is also necessary to take action aimed at preventing future financial crises and mitigating the fallout from them. That is why we are taking forward significant reforms to the regulation of financial services to put consumers back at the heart of the system, and have introduced legislation establishing the Special Administration Regime for investment banks, amongst other measures. The Government is committed to achieving the best possible outcomes for the UK, balancing the need to maintain financial stability with ensuring confidence in our world-leading financial services sector and strong consumer protection.

A handwritten signature in dark ink, appearing to read 'Ma M'.

Mark Hoban MP

Financial Secretary to the Treasury

Table of HM Treasury (HMT) Statement of New Regulation 2 Measures

1. Ins

Impact Assessment Number	Lead Dept	Title of the Measure	Purpose of the Measure	Date the measure is due to come in force	Equivalent Annual Net Cost to Business (£m,2009)	Impact Assessment Link
HMT1102 C	HMT	The Financial Services and Markets Act (FSMA) 2000 (Carrying on Regulated Activities by Way of Business)(Amendment) Order-regulation of sale and rent back agreements	This measure amends the 'by way of business' test to clarify that Financial Services Authority regulation of sale and rent back agreements is applicable to all agreement providers except where the agreement involves a close relative. This ensures the regime applies as originally intended and provides appropriate consumer protection in the sale and rent back market.	Sept-11 (already in force)	1.48	http://www.hm-treasury.gov.uk/fin_sector_mortgages_enhancing_consumer_protection.htm

1. Outs

Impact Assessment Number	Lead Dept	Title of the Measure	Purpose of the Measure	Date the measure is due to come in force	Equivalent Annual Net Cost to Business (£m,2009)	Impact Assessment Link
HMT1137	HMT	Early implementation measures of Amending Directive 2003/71/EC on the prospectus to be published when securities are offered to the public or admitted to trading	The Prospectus Directive is the EU framework governing the public offers of securities, and when securities are admitted to trading on regulated markets. The Commission reviewed this as part of a deregulatory agenda. The UK Government committed to early implementation of measures to help small and medium sized enterprises raise capital more easily.	Jul-11 (already in force)	-12	http://www.ialibrary.bis.gov.uk/ImpactAssessment/?IAID=1fbb6594c740440694fb51a886f12b9b

Impact Assessment Number	Lead Dept	Title of the Measure	Purpose of the Measure	Date the measure is due to come in force	Equivalent Annual Net Cost to Business (£m,2009)	Impact Assessment Link
HMT1106	HMT	Legislative Reform Order on mutuals	The Legislative Reform Order will substantially reform and modernise the law for Industrial and Provident Societies (IPs) and credit unions.	Dec-11	-5.2	http://www.ialibrary.bis.gov.uk/ImpactAssessment/?IAID=79327a15e5e44d9bace11ffc172c5f3e
HMT1102 D	HMT	The Financial Services and Markets Act 2000 (Exemption)(Amendment) Order-Northern Ireland housing associations	The measure exempts registered housing associations in Northern Ireland from Financial Services Authority regulation, ensuring parity of treatment with England, Wales and Scotland.	Jul-11 (already in force)	-0.39	http://www.hm-treasury.gov.uk/fin_sector_mortgages_enhancing_consumer_protection.htm

2. Zero Net Cost to Business

Impact Assessment Number	Lead Dept	Title of the Measure	Purpose of the Measure	Date the measure is due to come in force	Equivalent Annual Net Cost to Business (£m,2009)	Impact Assessment Link
HMT0021	HMT	Introducing a protected cell regime for UK open ended investment companies	The proposal is to make the UK competitive with other jurisdictions by introducing a protected cell regime that protects investors in sub-funds who currently bear some of the risk of related sub-funds in the event of fund collapse. The proposal is expected to lead to an increase in profits of up to £2m p.a. but this is not counted for One In One Out since the measure is not deregulatory.	Nov-11	0	Not yet published