Financial Services and Markets Bill

Lead department	HM Treasury
Summary of proposal	The department is introducing a range of measures through the Bill seeking to maintain and enhance the UK's position as a global leader in financial services.
Submission type	Impact assessment (IA) – 1 September 2022
Legislation type	Primary legislation
Implementation date	2023
Policy stage	Final
RPC reference	RPC-HMT-5188(2)
Opinion type	Formal
Date of issue	18 October 2022

RPC opinion

Rating[1]	**RPC opinion**
Fit for purpose	The RPC's previous opinion on this IA received a red rating as it was considered not fit for purpose as consideration of the impact on small and micro businesses (SMBs) was inadequate while insufficient analysis and evidence had been provided to allow the RPC to validate the EANDCB. The RPC welcomes the resubmission of the Bill IA and now considers the IA fit for purpose. The department has provided a sufficient assessment of the impacts of the primary and secondary legislation and estimated an EANDCB for three of the measures in line with RPC guidance. The IA also now includes a sufficient small and micro business assessment (SaMBA) across all measures. The department and regulators will conduct further assessment of the impacts to accompany implementation and secondary legislation, which should be submitted to the RPC for scrutiny and EANDCB validation where required by the better regulation framework.

[1] The RPC opinion rating is based only on the robustness of the EANDCB and quality of the SaMBA, as set out in the Better Regulation Framework. RPC ratings are fit for purpose or not fit for purpose.

Business impact target assessment

	Department assessment	**RPC validated**
Classification	Qualifying regulatory provision	Qualifying regulatory provision (IN)
Equivalent annual net direct cost to business (EANDCB)	£0.4 million (final IA estimate) *£30.1 million (initial IA estimate)*	£0.4 million Further IA(s), supporting secondary legislation, to be submitted to the RPC, as appropriate, for scrutiny and EANDCB validation.
Business impact target (BIT) score	£2.0 million	£2.0 million
Business net present value	£-3.4 million	
Overall net present value	£-3.4 million	

RPC summary

Category	Quality[2]	RPC comments
EANDCB	**Green**	The department has included more discussion of the combined impacts of both primary and secondary legislation in line with RPC guidance[3]. The IA has been updated with more appropriate evidence to support the EANDCB, which the RPC is now able to validate, as well as the indicative analysis.
Small and micro business assessment (SaMBA)	**Green**	The department has now sufficiently considered the impacts upon SMBs in line with expectations set out in RPC guidance[4]. The IA provides an initial assessment of the scope of SMBs likely to be affected for each measure and whether exemptions to the new requirements could apply. It also considers a range of direct and indirect impacts on SMBs.
Rationale and options	**Weak**	The department sets out the currently regulatory regime and the risks associated with inaction. However, the department does not consistently make a clear case across all measures for regulatory intervention based on identification of market failure or explain why non-regulatory options are unsuitable for achieving the objectives. The IA needs to provide clearer explanation on these points.
Cost-benefit analysis	**Weak**	The IA presents a largely qualitative analysis of the expected costs and benefits at this stage, with some indicative estimates provided. The department and regulators should seek to monetise more impacts for future assessments, using more recent data where possible and submitting for RPC scrutiny as required.
Wider impacts	**Weak**	The IA includes a section describing which measures will have impacts on equalities, competition, innovation, trade and investment and the environment. The IA needs to provide a consistent level of narrative around these impacts for all measures or explain why this would not be possible or appropriate.
Monitoring and evaluation plan	**Satisfactory**	The IA provides a section summarising how, at a high level, the department and regulators expect to monitor the regulations with brief references to

[2] The RPC quality ratings are used to indicate the quality and robustness of the evidence used to support different analytical areas. Please find the definitions of the RPC quality ratings here.
[3] https://www.gov.uk/government/publications/rpc-case-histories-primary-legislation-ias-august-2019
[4] https://www.gov.uk/government/publications/small-and-micro-business-assessment-samba-guidance

	when they consider providing a review. Where possible the department should seek to provide initial detail of the monitoring activities for elements on which secondary legislation is required.

Response to red-rated opinion

As originally submitted, the IA was not fit for purpose due to shortcomings across multiple measures, as well as in the consideration of the collective impact of the measures covered by the Bill and included in the IA. This was despite having received an initial review notice prior to the red rated opinion. The main areas of concern that the RPC noted in its opinion were:

- that the department had not adequately considered the full impacts of the measures covered by the IA, with insufficient evidence to support the analysis and assumptions made for quantifying the EANDCB of those measures for which the department was seeking validation; and
- that the department had not sufficiently considered the impacts upon small and micro businesses (SMBs) in line with expectations set out in RPC guidance[5]. The IA repeatedly failed to identify the scope of SMBs likely to be affected or consider the full range of impacts (including indirect costs, as well as benefits) on SMBs and whether these would be disproportionate.

The department has now submitted a revised IA, further addressing the RPC's comments in the previous not fit for purpose opinion. Most notably, the IA now presents a sufficient small and micro business assessment (SaMBA) for each of the measures, setting out whether SMBs will be directly impacted by the measures and if an exemption should apply for certain requirements. In addition, the department has now used, and more clearly explained the suitability of, more evidence to support the quantification of the EANDCB. As a result of the changes made, the EANDCB has fallen from £30.1 million, as originally submitted, to £0.4 million.

The IA should have provided more description and indicative analysis of the impacts that may arise from secondary legislation and the subsequent implementation decisions of regulators, which the departments commits to assessing more robustly through further cost benefit analysis at that stage. The RPC would expect to review further IAs for scrutiny and EANDCB validation where required by the better regulation framework and recommends that both the department and regulators liaise with the RPC on this.

Summary of proposal

The department is introducing a range of measures through the Bill, seeking to maintain and enhance the UK's position as a global leader in financial services, ensuring the sector continues to deliver for individuals and businesses across the

[5] https://www.gov.uk/government/publications/small-and-micro-business-assessment-samba-guidance

country. The majority of measures are enabling forms of legislation, which empowers one of the financial services regulators or secondary legislation to enact the impact of regulation on business. The Better Regulation Framework allows departments to delay the full impact assessment until the regulators' decision or secondary legislation, in order to prevent double counting and duplicated submissions of IAs.

The IA includes measures that contribute to several objectives, including those listed below; the full list of measures included in the IA and a summary of their impacts can be found in Annex A and Annex B.

- **Future Regulatory Framework Review –** amending current legislation to make it more tailored to the UK.
- **An open and global financial hub** – policies that will better enable the UK to engage in business internationally.
- **A sector at the forefront of technology and innovation** – policies that will enable more innovative financial products and services.
- **A competitive marketplace promoting the effective use of capital** – policies that seek to improve the operational efficiency of financial markets.
- **Financial inclusion and levelling up** – policies intended to address disparities and distributional issues (in particular those that are geographic).
- **Additional Technical Amendments** – covering a variety of policies that will make changes necessary to improve the functionality of financial services.

The IA monetises familiarisation costs for each of the measures with a direct impact from primary legislation. The department discusses a range of further costs across the measures in the Bill; these are associated with further familiarisation, general compliance, changing systems and processes, and potential future staffing. Benefits, which are not monetised, centre around increasing the resilience of the financial sector, reducing unnecessary costs and generally ensuring that the financial services sector better meets the needs of the UK.

The department has sought to quantify the direct impact of three measures ('wholesale markets review'; 'changes to the arrangements for insurers in financial difficulty'; and 'amendments to credit union legislation'). The IA includes an estimated EANDCB for these measures of £0.4 million, as well as a net present value (NPV) of £-3.4 million.

However, given the significance of the legislation and its change in strategic direction for an entire industry, the RPC is disappointed that the IA does not provide further overall analysis of the impact of such a change in direction – even if material individual measures will receive IAs when they are enacted by regulators or secondary legislation.

EANDCB

Identification of impacts

The IA includes monetised estimates of the direct impacts of the three measures mentioned above. The department has attempted to assess the full expected impact of these measures in line with scenario 1 of the RPC guidance on primary legislation IAs, i.e. providing an EANDCB for validation by the RPC at this stage.[6]

The department has monetised (EANDCB of £0.2 million) the initial familiarisation costs for the insurers in financial difficulties measure. In addition, following RPC's initial review notice and not fit for purpose assessment, the department has used more recent evidence from a 2019 Bank of International Settlements paper relating to debt issuance in the banking sector, where similar powers are in place, to proxy the indicative costs of debt issuance for this measure. Although the evidence presented for debt issuance costs relate to the period 2016 to 2018, the department offers sufficient justification for the debt issuance market being similar in 2022; for example, the average annual net issuance of capital has remained broadly the same at £50 billion. The IA now notes, following clarification from the department, that these costs could be an overestimate, with credit rating agencies stating that the increase in debt issuance costs could be small and that use of the write-down procedure may lead to better outcomes for creditors than under alternative insolvency or restructuring arrangements. The RPC accepts these costs are most likely to be negligible and should be excluded from the EANDCB.

The IA monetises the minimal (EANDCB of £0.1 million) legal and staff familiarisation costs to all credit unions of legislation, which would be necessary for them to offer additional products including hire purchase and conditional sales agreements. The department correctly notes the permissive nature of the changes in line with RPC guidance[7] and discusses a range of additional costs and benefits that may be incurred if credit unions choose to offer these additional services. The IA also now includes a discussion of the impact of the changes on existing insurance brokers and retail banks offering motor finance. These are assessed as minimal given the relatively low numbers of credit unions who may enter these markets.

For the measures contained with the Wholesale Markets Review, the department calculates an EANDCB of £0.1 million based on the costs to businesses needing to familiarise with each part of the regime. The IA includes a table setting out the assumptions made relating to the number of businesses affected by each measure, the time taken to read guidance and the hourly rate for legal services procured to advise businesses on how they will be impacted. The department notes that

[6] https://www.gov.uk/government/publications/rpc-case-histories-primary-legislation-ias-august-2019
[7] https://www.gov.uk/government/publications/rpc-case-histories-permissive-legislation-february-2020

familiarisation costs are indicative and may be underestimated due to further dissemination activities across relevant employees and uncertainty over the number of market participants needing to familiarise. Subsequent post-implementation reviews should provide an estimate of the actual familiarisation costs incurred by business. In addition, the IA notes there may be future ongoing costs for parts of the regime arising from how the FCA uses the powers it receives in the Bill, which may require future RPC validation. The RPC recommends that the FCA discusses with the RPC any further impacts from this in due course.

For the remaining 25 measures covered in the IA, the department has now provided an adequate consideration of the impacts of both the primary and expected secondary legislation (summarised in annex B), in line with scenario 2 of RPC guidance on primary legislation IAs. The RPC would expect to see further IAs supporting secondary legislation and submissions from independent regulators appraising the impacts of new or amended requirements for scrutiny and EANDCB validation, where required under the better regulation framework.

Counterfactual/baseline

For each measure, the IA aims to establish the current policy position, accompanied by descriptions of the likely outcomes arising from there being no regulatory intervention. The IA now provides greater clarity over the counterfactual for the measures related to the *Future Regulatory Frameworks* where, under the 'do nothing' option, regulation of UK financial services will continue with the mix of Financial Services and Markets Act (FMSA) and EU regulations that were already in place at the point the UK left the EU. Regulatory options are then defined on the basis that EU financial services regulations will be repealed alongside new arrangements being introduced. This appears to be appropriate as it ensures that the interventions are assessed against the current regime in place rather than a counterfactual of no regulatory environment existing if EU regulations were repealed without any new rules ready to replace them.

The IA would further benefit from including greater consideration of the overlaps between measures and whether the counterfactual position for any measures are contingent on other policies contained in the IA.

SaMBA

Scope

The IA now includes a sufficient SaMBA for each of the measures included within the Bill. The RPC notes that there is significant repetition of text (e.g. on the number of businesses regulated by the FCA and PRA) which would be better presented within an annex). For some measures, no SMBs are assumed to be affected, either as a result of only a limited number of large businesses being directly impacted (e.g.

Regulation of Financial Market Infrastructure by the Bank of England) or because the provisions only establish a framework between HM Treasury and relevant regulators (e.g. *Deference and Trade Accountability Mechanisms*). In contrast, the only businesses impacted by the proposed changes to credit unions are SMBs.

Exemption and mitigation

For each measure, the SaMBA considers the case for exempting SMBs from the regulatory requirements. Where SMBs are in scope of the measure, the department argues that an exemption would not be appropriate as it would limit the ability to meet the policy objectives. The IA presents no evidence of significant disproportionate impacts on SMBs relative to larger businesses requiring specific mitigation measures. However, the IA should have considered whether forms of mitigation, in line with RPC SaMBA guidance, including the production of guidance by relevant regulators, would provide an additional mechanism to assist SMBs' understanding and implementation of the measures.

Future assessment

The IA indicates that, where the measures in the Bill enable a series of changes requiring further action, the department will provide IAs alongside secondary legislation and the financial services regulators will undertake cost-benefit analysis in support of any rule changes. In order for the Department or regulators to make such key decisions that could impact SMBs, they will need to have better information about the number of firms within the SMBs bracket. Future assessments should also seek to evidence any assumptions made relating to reduced costs for SMBs following the regulatory changes e.g. for the *Wholesale Markets Review*, the IA simply states that the entire trading chain will benefit from reduced costs. The RPC expects this further analysis to provide greater clarity on how the final changes will impact SMBs and if there are situations where exemptions or mitigations are appropriate.

Rationale and options

Rationale

The IA includes an in-depth description of the current policy landscape for respective measures and discusses the current (and potential future) risks associated with regulations in their current form. The IA states that where it has not been possible to provide an indicative assessment of the impacts of a measure across both primary and secondary legislation, the focus would be on explaining the rationale for action and options. However, the department still does not provide a clear rationale for intervention consistently across all measures, as stated in the RPC's previous opinion, which is disappointing. While some measures such as *Digital Settlement Assets*, *Securitisation Regulation* and *Gateway for Approving Financial Regulations* do discuss market failure related to informational failures, many others do not, or provide very limited reference (e.g. *Credit Unions*). The department needs to ensure that all measures explain why regulatory intervention is necessary, identify market failure where applicable and state why industry alone cannot correct for the noted inefficiencies.

Options

The department sets out clearly the current regulatory environment and considers what non-regulatory interventions could be made to correct for the issues identified and deliver the policy objectives. However, the department has not undertaken this consideration of non-regulatory alternatives consistently across all of the measures presented in the IA, as previously noted in the RPC's opinion of 28 July 2022. The department needs to consider what non-regulatory alternatives could deliver the policy objectives, or clearly explain why a non-regulatory option is not sufficient to do so (e.g. as presented for the assessment of the industry self-regulation option for *Digital Settlement Assets*). In addition, the department has not considered whether in some instances deregulation could have been an appropriate alternative option to introducing new requirements for regulators to enact.

Cost-benefit analysis

The IA includes a largely qualitative cost benefit analysis where, for each measure, the department describes the range of impacts that may be anticipated (see annex B below). For some measures, the IA presents indicative analysis to illustrate the potential impacts, e.g. *Access to Cash (Retail).*

Although it is not possible to estimate many of the impacts until secondary legislation or implementation decisions are made by the regulators, future assessments of the full costs and benefits will need to be provided, including further monetisation of costs and benefits where proportionate to do so. In doing so, the department and regulators should seek to update some of the cost assumptions feeding into the indicative analysis e.g. the one-off compliance costs for credit unions offering new products are based on 2013 evidence.

Wider impacts

The IA includes an updated section on wider impacts setting out in more detail than previously presented which measures within the Bill are expected to have an impact on competition, trade and investment, innovation and the environment. However, the analysis continues to be presented at a high-level, referring only to key impacts for a selection of measures, rather than providing a detailed assessment of wider impacts in a consistent way across all measures. The IA states that wider impacts will be dependent on decisions made through secondary legislation and by independent regulators, which will be quantitatively and qualitatively assessed in future impact assessments and regulators' cost benefit analyses.

The IA identifies five measures within the Bill which are expected to have positive impacts on households and individuals within one of the protected groups. For example, the measures to enhance the products of credit unions may have a positive impact on families experiencing a negative event, while measures to ensure reasonable access to cash are likely to benefit those groups with greater levels of cash use.

Monitoring and evaluation plan

The IA provides a high-level summary of how the department and regulators are considering to undertake monitoring and evaluation of the measures within the Bill, with clear indications of when reviews would be expected. This is sufficient for this overarching IA. However, the RPC would expect that further details of planned monitoring and evaluation and more specific details of expected reviews to be provided within subsequent secondary legislation IAs.

Regulatory Policy Committee

For further information, please contact regulatoryenquiries@rpc.gov.uk. Follow us on Twitter @RPC_Gov_UK, LinkedIn or consult our website www.gov.uk/rpc. To keep informed and hear our views on live regulatory issues, subscribe to our blog.

Annex A: Summary of measures included in the IA

Chapter	***Measure***	***Description of measure***	***Enacting or enabling**** * those which are 'Enabling' will require either secondary legislation and/or amendments to BoE/regulator rules
Future regulatory framework review	Repeal of Retained EU Law	The measure will seek to establish a comprehensive FSMA model of financial services regulation. This will involve, when appropriate, the repealing of EU financial services law.	Enabling
	Designated Activities Regime	The measure will create a Designated Activities Regime (DAR) in FSMA to enable the regulation of activities related to financial markets.	Enabling
	Objectives & Principles	The measure will reform the objectives and regulatory principles of the PRA and FCA.	Enabling
	Accountability and Stakeholder Engagement	The measure will make enhancements to requirements for democratic oversight and stakeholder consultation.	Enabling
	Deference and Trade Accountability Mechanisms	The measure will introduce a statutory requirement for the regulators (FCA,PRA, the Bank of England, and PSR) to consider the impact of their actions upon deference decisions and if they consider there to be a material risk that the relevant action would be incompatible with a deference decision, consult HM Treasury about	Enacting

		this. As well as to proactively consider whether there is a material risk that a rule change or change of supervisory approach would conflict with an existing international trade obligation, and to notify HM Treasury if this is the case.	
	Regulation of FMI by the Bank of England	The measure will grant the Bank of England a general rule-making power in relation to CCPs and CSDs, so that it can set appropriate rules for these firms.	Enabling
	FCA Financial Market Infrastructure	The measure will grant the FCA a general rule-making power in relation to DRSPs, RIEs and TPVs so that it can set a suitable framework.	Enabling
An open and global financial hub	Implementation of Mutual Recognition Agreements	The measure will create an implementation power, that will enable HM Treasury to make changes, through future secondary legislation, to implement MRAs.	Enabling
	Amendments to the Securitisation Regulation	The measure will introduce an STS equivalence regime.	Enabling
A sector at the forefront of technology and innovation	Financial Market Infrastructure: Regulatory Sandboxes	The measure will allow HM Treasury to modify and disapply FMI legislation in 'Sandboxes', in the context of a specific FMI activity or new form of trading venue.	Enabling
	Digital Settlement Assets	The measure would seek to bring stablecoins, in particular those used as payment, under regulatory supervision.	Enabling

A competitive marketplace promoting the effective use of capital	Wholesale Markets Review	The measure will see legislative changes to the second Markets in Financial Instruments Directive (MiFiD II) framework, in order for the regime to better reflect the UK's position, as one of the largest capital markets in the world.	**Enacting** EANDCB of £0.1 million
	Central Counterparties (CCPs) in Financial Difficulties	The measure will legislate for an expanded resolution regime as it will provide the Bank of England with the appropriate powers to manage a CCP failure in the most appropriate way.	Enabling
	Insurers in Financial Difficulties	The measure will make a series of targeted amendments to the UK's insolvency arrangements for insurers, implemented via primary legislation.	**Enacting** EANDCB of £0.2 million
	Recognised Bodies: Senior Managers and Certification	The measure will legislate to create an "SM&CR gateway", granting grant HM Treasury the ability to provide the Bank and the FCA with powers to strengthen governance and regulate individual conduct within firms, where it judges this to be appropriate.	Enabling
Financial inclusion and levelling up	Access to Cash (Retail)	The measure will implement legislation to create and amend regulatory responsibilities and powers for oversight of the UK's retail cash system and ensure reasonable levels of access to cash.	Enabling
	Access to Cash (Wholesale)	The measure will introduce a two-level (market oversight and prudential	Enabling

		regulation) oversight regime for the wholesale cash network.	
	Credit Unions	The measure will amend the Credit Unions Act 1979 to allow credit unions to offer Hire Purchase / Conditional Sales (HP/CS) agreements and wider insurance distribution services beyond those that are ancillary to making loans or deposit-taking; and make technical amendments to correct legislative defects.	**Enacting** EANDCB of £0.1 million
	Liability of Payment Service Providers for Fraudulent Transactions	The measure will amend regulation 90 of the PS Regs to enable the PSR to introduce APP scam reimbursement and a Duty using its existing FSBRA powers.	Enabling
	Regulatory Gateway for Approving Financial Promotions	The measure will create a financial promotion 'gateway', where authorised firms will only be able to approve financial promotions of unauthorised firms, if they are granted express permission by the FCA.	Enabling
Additional Technical Amendments	Powers in Relation to Critical Third-Parties	The measure will grant HM Treasury designation powers and the regulators limited rule-making, information-gathering and enforcement powers in relation to the material services critical third-parties provide to regulated finance sector firms.	Enabling
	Bank of England Levy	The measure will replace the CRD scheme with a levy scheme:	Enabling

		introducing a direct funding arrangement in the form of a levy.	
	Disciplinary Action Against Formerly Authorised Firms	The measure will give the FCA and the PRA the power to take action against formerly authorised firms for misconduct while they were authorised.	Enabling
	Financial Conduct Authority (FCA)/Financial Ombudsman Service/Financial Services Compensation Scheme (FSCS) cooperation on wider implications issues	The measure will introduce a statutory duty for the FCA, the FOS and the FSCS to cooperate on wider implications issues and maintain a framework setting out how they will do so, which provides for engagement with other organisations where appropriate.	Enabling
	Financial Services Compensation Scheme (FSCS) Amendments	The measure will remove, from FSMA, the requirement for the scheme FSCS manager's chief executive to be an accounting officer, and HM Treasury's power to require certain information from the FSCS manager relating to accounts.	Enabling
	Reinsurance for Acts of Terrorism	The measure will amend the 1993 Act, to ensure that any entity classified as a public body that benefits from an arrangement under the 1993 Act, can be obliged to comply with necessary controls so that money on the public accounts is managed appropriately.	Enabling
	Banking Act 2009: Miscellaneous Amendments	The measure will correct identified errors in the Banking Act.	Enabling

	Control over Authorised Persons	The measure will amend FSMA to enable conditions to be applied in a wider range of scenarios.	Enabling

Annex B: Summary of impacts identified by the department in the IA

Chapter	***Measure***	***Main impacts as identified by the Department in the IA***
Future regulatory framework review	Repeal of Retained EU Law	**Costs** - Familiarisation costs; - Cost of engaging with new processes; - Costs of complying with new regulation; and - Regulator costs **Benefits** - UK regulations will be appropriate; - Agile rulemaking; and - Improved ability to implement public policy priorities.
	Designated Activities Regime	**Costs** - Familiarisation costs; - Cost of engaging with new processes; - Costs of complying with new regulation; and - Regulator costs **Benefits** - More proportionate regulation; - Agile rulemaking; and - On-going improvements to the regulation of financial markets.
	Objectives & Principles	**Costs** - n/a **Benefits** - Promote regulatory efficiency

	Accountability and Stakeholder Engagement	**Costs** - For regulators to increase engagement. **Benefits** - Greater accountability; - Improved synergy with HMT; and - Increased transparency.
	Deference and Trade Accountability Mechanisms	**Costs** - n/a **Benefits** - Avoidance of issues that could have arisen, due to a lack of co-ordination between HM Treasury and the regulators; and - A reduced risk of disputes arising from an FTA, due to a potential breach of the trade commitments arising from regulatory rulemaking.
	Regulation of FMI by the Bank of England	**Costs** - Transitional costs for CCPs and CSDs; and - Costs to the Bank of England from operationalising the new regime. **Benefits** - Deliver of a robust regulatory regime; and - Beneficial impact on innovation within the sector.
	FCA Financial Market Infrastructure	**Costs** - n/a **Benefits** - A more agile, responsive and adaptable regulatory regime.
An open and global financial hub	Implementation of Mutual Recognition Agreements	**Costs** - Information costs; - Transaction costs; and - Compliance costs (incl. familiarisation).

		Benefits - Lower cost of trade; - Increased trade; - Efficiency gains; and - Reduced prices for consumers.
	Amendments to the Securitisation Regulation	**Costs** - Transitional costs for public sector; - On-going costs for public sector; and - Jurisdiction assessment costs. **Benefits** - Transitional benefits to firms; - On-going costs to firms; and - Regulatory capital savings for firms.
A sector at the forefront of technology and innovation	Financial Market Infrastructure: Regulatory Sandboxes	**Costs** - Familiarisation costs for firms; - Application costs (for joining the Sandbox); - New operating practices; - On-going running costs; - Post-sandbox business costs; - Public sector costs for establishing sandbox; and - Supervision costs. **Benefits** - Increased innovation; and - Knowledge and expertise developed.
	Digital Settlement Assets	**Costs** - Familiarisation costs; - Legal costs; - FCA authorisation costs; - FCA and PSR levy costs; - On-going compliance costs; and - Increased capital requirements.

		Benefits - Increased usage of stablecoins; - Increase in consumer choice; - Reduced risk of financial instability and losses; and - Reduced cross-border transaction costs
A competitive marketplace promoting the effective use of capital	Wholesale Markets Review	**Costs** - Transitional costs to firms; - On-going costs to firms; and - Transitional costs to public sector **Benefits** - Benefits associated with the changes to the equity regime; - Benefits associated with amendments to the systematic internalisers regime - Benefits associated with changes to the fixed income and derivatives markets regime; and - Benefits associated with changes to the commodity derivatives regime
	Central Counterparties (CCPs) in Financial Difficulties	**Costs** - Familiarisation costs for CCPs; - Additional capital requirements; and - Costs arising due to CCP failure, to BoE and CCPs themselves. **Benefits** - Reduced likelihood of a systemic financial crisis; - Protection of public funds; - Combating of moral hazard; and - Leveraging business investment to UK.
	Insurers in Financial Difficulties	**Costs** - Familiarisation costs for insurance firms; - Familiarisation costs for wider industry; - Costs to the court system; - Debt Issuance; - Reinsurance pricing; - Legal costs; - Write-down manager costs;

		- FSCS funding; - Contract pricing; - Notification costs; and - Exemption application costs. **Benefits** - Reduced losses and value destruction; - Improved continuity cover; and - Enhanced confidence.
	Recognised Bodies: Senior Managers and Certification	**Costs** - Set-up costs for business; - Training for employees at CCPs and CSDs; - On-going costs for industry; - Costs to BoE of setting up systems and processes for assessing applications; - Supervisory training and support for BoE; and - Costs of developing and publishing SM&CR policy by BoE. **Benefits** - Better governance; - Improved confidence in the sector; - Improved conduct; and - Clearer roles and responsibility in firms.
Financial inclusion and levelling up	Access to Cash (Retail)	**Costs** - Familiarisation and set-up costs for firms; - FCA costs of setting rules and guidance; - On-going administration and compliance costs; - Cost of operating cash facilities; - FCA fees; and - Fines (where necessary). **Benefits** - Improved access to cash; - Financial inclusion; - Reduced travel costs; - Improved customer experience; and

		- Storage and handling costs.
	Access to Cash (Wholesale)	**Costs** - Familiarisation costs for firms; - On-going compliance costs; - Cost of operating cash facilities; - BoE fees; - Fines (where necessary); and - Costs of closure orders and other enforcement actions. **Benefits** - A sustainable, effective, and resilient business model; - Better supply of cash to retail; - Financial inclusion; - Increased use of cash as 'store of value'; and - Allowance to use cash as 'backstop' payment method.
	Credit Unions	**Costs** - Familiarisation costs for credit unions; - Costs to credit unions from amending rules; - Permission fees for credit unions; - On-going cost of compliance; - Familiarisation costs for FCA and PRA; - Cost to FCA for assessing rule changes; - Costs to regulators of assessing VOP applications; - Regulator rulebook amendments; and - On-going public sector costs. **Benefits** - Increased income for credit unions; - Increased awareness of credit unions; - More flexible credit union lending; and

		- Consumer benefits.
	Liability of Payment Service Providers for Fraudulent Transactions	**Costs** - Familiarisation costs; - Reimbursement Costs; and - Administration and fraud prevention costs. **Benefits** - Consumer protection; and - Fraud prevention.
	Regulatory Gateway for Approving Financial Promotions	**Costs** - Familiarisation and legal costs; - Changes to IT systems; - Staff training/ disseminating information on the new rules; - Governance and change projects; - Regular compliance assessment costs; and - Approver permission fees. **Benefits** - Consumer protection; and - Increased revenue for gateway approvers.
Additional Technical Amendments	Powers in Relation to Critical Third-Parties	**Costs** - Familiarisation costs to critical third-parties; - Familiarisation costs for firms; - Cost of critical third-parties raising their resilience; and - Cost of skilled persons' review every decade. **Benefits** - Reduced likelihood of disruption to financial services industry; and - Higher level of efficiency for financial services firms.

	Bank of England Levy	**Costs** - Levy costs; and - Risk-weighted assets. Benefits - the return to payers of funds that have previously been deposited under the CRD scheme; - certainty and stability for the BoE; - Efficiency and reduced opportunity costs for payers; and - Simplicity and transparency.
	Disciplinary Action Against Formerly Authorised Firms	**Costs** - Fines; - Investigation costs; and - Additional cases referred to upper tribunal. **Benefits** - Improved conduct of financial services firms; - Improved regulatory system; and - Increased income for HMT (from fines).
	Financial Conduct Authority (FCA)/Financial Ombudsman Service/Financial Services Compensation Scheme (FSCS) cooperation on wider implications issues	**Costs** - Cost of maintaining the framework **Benefits** - Improved coordination between the FCA, the FOS and the FSCS
	Financial Services Compensation Scheme (FSCS) Amendments	IA states that there will only be costs to public sector bodies but does not explicitly state what these would be. **Benefits** - The removal of unnecessary legislation.

	Reinsurance for Acts of Terrorism	The measure is not expected to incur any additional costs. **Benefits** - Safeguard power for government to ensure compliance.
	Technical Amendments to the Banking Act	The IA states that there are no EANDCB costs associated with these corrections. **Benefits** - Improved legislative clarity
	Control over Authorised Persons	**Costs** - Opportunity cost to firms, from ceasing of control over direction of business activity. **Benefits** - Reduced risk of new controllers creating potential risks to firms.