

Ambitious reforms to capital markets regulation and listings rules announced

News story

Post Brexit reforms to regulation of wholesale capital markets and prospectus regime announced today (Tuesday 1 March).



- Changes will cut red tape and help make the City of London an even more attractive place to invest and to do business
- Commitment to upholding the highest regulatory standards will remain a top priority

The UK will seize its newfound freedoms since leaving the EU to reform the rules for listing companies in the UK and the regulation of wholesale capital markets, the Economic Secretary to the Treasury & City Minister announced today.

Speaking to the Association of Financial Markets in Europe today (Tuesday 1 March), John Glen outlined plans to amend unnecessary rules in a move which will make the City of London an even more attractive place to invest and to do business, supporting jobs and generating investment in the UK.

Reforms outlined today to wholesale capital markets will give firms greater choice about where they can trade, while a new, simpler and more agile regime for companies listing and raising capital will encourage more innovative firms to list in the UK, and facilitate wider participation in the ownership of public companies.

The Economic Secretary to the Treasury John Glen said:

We are using our post-Brexit freedoms to create the right legislation to support an even stronger financial services sector – one that is open, green, competitive and technologically advanced.

Our plans to improve our wholesale markets regulation will liberate businesses from unwieldy and stifling rules that hold back their ability to grow and innovate, while our reforms to the prospectus rules will replace the current system with a new, simpler, and more agile regime.

Last year over 120 companies went public in the UK– raising £17bn, the most raised in any year since 2007. Under these reforms, it is expected that even more innovative and exciting companies will choose to list and raise capital in the UK.

UK wholesale capital markets have been subject to the EU's MIFID rules since 2018, after they were introduced to harmonise wholesale markets regulation across EU member states. Similarly, the ability to float companies and raise capital in the UK has been governed by EU prospectus regulation since 2017.

Consultations on the wholesale markets rules and prospectus regime were launched last summer alongside the Chancellor's Mansion House speech. The consultation responses, published today set out the changes being taken forward.

Proposed MIFID reforms, developed by HM Treasury alongside the UK regulators include

- Giving firms greater choice about where they can trade and allowing them to get the best price for investors.
- Removing a number of burdens for Systematic Internalisers- a group of businesses that play a key role in financial markets.
- Delegating the fixed income and derivatives, and part of the pre-trade, transparency regimes to the Financial Conduct Authority, who are well equipped to ensure rules are applied proportionately
- Giving the FCA the tools it needs to help the industry develop a Consolidated Tape. This will combine market data from multiple areas, giving investors a clear source of information, while cutting costs and complexity for firms.
- Reducing the scope of the commodities position limits regime and delegating it to trading venues to ensure that market activity is not unnecessarily restricted, while ensuring that markets function efficiently

Changes to the prospectus regime include:

- Facilitating wider participation in the ownership of public companies, including for retail investors. This will allow a broader cross-section of society to benefit from companies' growth as well as increase market liquidity.
- Simplifying the regulation of prospectuses and removing unnecessary red tape.
- Improving the quality of information that investors receive.
- Ensuring that the regulation of prospectuses will be better able to respond to innovation and change.

Further information

- The Economic Secretary's speech is available [here](#)
- MIFIDII is a legislative framework instituted by the European Union to harmonise capital markets regulation across the bloc. It covers regulation of virtually all aspects of financial investment and trading and came into force in 2018.
- Consultation responses on reforms to MIFIDII and the EU Prospectus Regulation can be found below
 - [UK Prospectus Regime](#)
 - [UK Wholesale Markets Review](#)

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