[Chancellor Nadhim Zahawi sets out post-Brexit transformation of UK financial services]

- In his first official speech as Chancellor, Nadhim Zahawi set out ambitious plans to capitalise on the benefits of Brexit and transform the UK financial services sector.
- At Mansion House this evening, Nadhim Zahawi confirmed that the government will introduce legislation tomorrow (20 July) to repeal hundreds of pieces of EU retained law governing the sector – so that it can be replaced with an agile and coherent regime fit for the UK.
- He also set out measures to boost consumer protection, embrace technological innovation, and further enhance the growth and competitiveness of UK financial services.

Plans to seize the benefits of Brexit by revoking EU retained law governing financial services were set out by Chancellor of the Exchequer Nadhim Zahawi in his first speech as Chancellor, at Mansion House this evening (19th July).

These will be replaced with a coherent, agile and internationally respected approach to regulation which is fit for the UK.

The Chancellor confirmed that the Financial Services and Markets Bill will be introduced tomorrow (20th July) – the most significant piece of financial services legislation for over a decade.

The Bill will implement the government's vision for the sector to be open, green, technologically advanced and globally competitive – while maintaining high levels of consumer protection.

The Chancellor also used his first speech to set out his core three priorities for the coming months; first, delivering a coordinated, responsible approach to controlling inflation, secondly, delivering the government's promise to create the conditions for a private sector recovery, and thirdly, delivering on our vision for financial services.

Chancellor of the Exchequer, Nadhim Zahawi said:

"The British people can rest assured that we are getting on and delivering the benefits of Brexit.

"The measures I have announced tonight will unleash growth across our financial services sector and will allow us to unlock tens of billions of pounds of investment into the UK economy.

"Consumers will remain protected, with legislation ensuring that victims of scams can be compensated while also acting to protect access to cash for the millions of people that rely on it."

The Financial Services and Markets Bill will enable the reform of Solvency II, which could lead to a reduction in excessive capital buffers and give insurers more flexibility to invest in long-term assets like infrastructure. It will also increase the competitiveness of the UK's wholesale capital markets, and reinforces our position as a leading centre for technology by supporting the safe adoption of certain types of stablecoins as a means of payment.

The financial regulators will also have greater responsibility for setting the rules that govern UK financial services, and for the first time, they will be given a new secondary objective to promote growth and competitiveness of the sector. This will complement their existing objectives ensuring the safety and soundness of firms, protecting and enhancing the integrity of the UK financial system, promoting competition in the interests of consumers, and ensuring that consumers receive an appropriate degree of protection .

The Chancellor set out that the Bill will include new measures to increase regulators accountability; and confirmed that any further powers to intervene in financial regulation in the public interest, so called "call-in" powers, are under consideration.

Following the publication of the Bill, the City of London and HM Treasury will also publish the first annual State of the Sector report.
This publication brings the voices of industry and government together in one place, and affirms support for the government's vision for the sector – with the UK's approach to regulation being favoured by 31% of senior executives – more than anywhere in the world. The report also highlights the financial sectors' importance to the UK economy, supporting 2.3 million jobs – with two thirds of those outside of London – and contributing £1 in every £10 to the UK's economic output.

The Chancellor also set out steps to make the UK one of the most attractive places in the world for firms to list and access the finance they need to grow – accepting all of the recommendations for government from the independent Austin Review into Secondary Capital Raising – the process listed firms use to raise further capital.

As part of this, the Chancellor appointed Sir Douglas Flint to Chair the Digitisation Taskforce recommended by the Review, which will drive the modernisation of the UK shareholding framework and eliminate paper share certificates to improve efficiency. The government will also streamline the capital raising process by reforming the Companies Act to shorten rights issues and the processes around them.

To further embrace new technology and innovation, the Chancellor confirmed that the government will take forward work to understand the application of Distributed Ledger Technology to the lifecycle of a UK sovereign debt instrument, helping us to better understand the potential benefits of this technology while also supporting innovation in the wider financial services sector.

The Chancellor made clear that the government will always be on the side of consumers by confirming plans to legislate to safeguard access to cash for a generation, and enabling the Payments Systems regulator to reimburse victims of Authorised Push Payment fraud – which stood at almost £600 million in 2021.