

Financial Services Bill to unlock growth and investment across the UK

- Legislation to enhance the competitiveness of UK financial services and unlock growth and investment across the UK was introduced to Parliament today (20th July).
- The Financial Services and Markets Bill repeals hundreds of pieces of EU retained law to enable a coherent, agile and internationally respected regime that works in the interests of the British people.
- Consumers will be protected through legislation safeguarding access to cash for generations to come and enabling the Payment Systems Regulator to direct banks to reimburse victims of Authorised Push Payment fraud.

Legislation to enhance the competitiveness of the UK financial services sector and unlock tens of billions of pounds of investment across the UK economy was introduced to Parliament today (Wednesday 20 July).

The Financial Services and Markets Bill repeals hundreds of pieces of EU retained law to deliver a comprehensive model of regulation for the UK – establishing a coherent, agile and internationally respected approach to financial services regulation that works in the interests of British people and businesses.

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

Chancellor of the Exchequer, Nadhim Zahawi said:

“Today is a landmark day for financial services in the UK.

“Through the introduction of this Bill, we are repealing hundreds of pieces of burdensome EU regulations and seizing on the benefits of Brexit to ensure the financial sector works in the interests of British people and businesses.”

The Bill implements the outcomes of the Future Regulatory Framework Review, giving the financial regulators greater responsibility for setting the requirements for UK financial services, and for the first time, a new secondary objective to promote the growth and competitiveness of the UK economy including the financial services sector. This will complement the regulators' existing objectives of 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 Bill also includes enhanced mechanisms for engagement with stakeholders and accountability, scrutiny and oversight of the regulators by Parliament and the Treasury. This includes a new 'rule review' power which will enable

the government to direct the regulators to review their rules where it is in the public interest.

To maintain the UK's position as an international, open and competitive financial centre, the Bill will reform EU-derived legislation governing our capital markets, ensuring that our rulebook is fair, outcomes based and maintains high regulatory standards.

This includes removing the share trading obligation and double volume cap from MiFID II, which restrict how and where firms can execute trades, and granting the FCA new powers to enhance the transparency and effective function of markets.

The Bill will also give new powers to the government and regulators to better enable them to implement Mutual Recognition Agreements – which are agreements between two trading partners, designed to remove technical and regulatory barriers to trade.

To ensure the UK remains at the forefront of new technologies and innovations, the Bill will enable certain types of stablecoins to be regulated as a form of payment in the UK. In fostering these new innovations, the Bill will also enable the creation of Financial Markets Infrastructure Sandboxes – allowing firms to test the use of new technologies and practices in financial markets, increasing efficiency, transparency and resilience of new products.

As part of plans to ensure consumers are protected, the legislation includes measures that will safeguard access to cash for generations to come; powers to enable the Payments Systems Regulator to direct banks to reimburse victims of APP fraud; and establishes a new regulatory pathway for firms to be able to approve financial promotions, ensuring they better reflect FCA rules which state that promotions should be fair, clear, and not misleading.

As part of this approach, the government will ensure greater financial inclusion through powers enabling credit unions, which provide low-interest forms of credit, to offer a wider range of products to their members

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