Dear Andrew

Review of enforcement decision making and appeals at the financial services regulators

During the passage of the Financial Services (Banking Reform) Bill through Parliament we have debated the PCBS recommendation regarding the Regulatory Decisions Committee, and the Government acknowledged calls for a review.

The Government has implemented a far-reaching restructuring of the financial regulatory structures in the UK. Enforcement is only one part of the new regulatory regime, but it is an important element, as you have highlighted. As part of this new regime, we are committed to ensuring that the financial services regulators pursue a model of enforcement that delivers the appropriate balance of fairness, transparency, efficiency, and speed of decision making.

I have noted the issues that have been raised in the PCBS report and during Bill debates. Given the concerns of the PCBS on these issues, I agree that it would be appropriate to conduct a high-level review into the institutional arrangements and processes for enforcement decision making and appeals at the financial services regulators.

The Treasury will lead the review, which will be independent of the regulators, but will require their co-operation. The review will draw on independent professional advice as appropriate, and will consult broadly with regulated firms, industry trade bodies and consumer groups.

The Treasury will determine the terms of reference of the review following consultation with the Chairman of the Treasury Select Committee in the first quarter
of 2014, and make them public. The review should report in the autumn of 2014. The Treasury will arrange for the report to be published and laid before Parliament.

[Signature]

LORD DEIGHTON