Mr John Glen, MP
Economic Secretary to the Treasury
HM Treasury
1 Horse Guards Road
London SW1A 2HQ

Dear Minister,

Draft Credit Rating Agencies (Amendment, etc.) (EU Exit) Regulations 2019


The Committee considered these Regulations, and the Impact Assessment (IA) laid alongside them, at its meeting on 7 January. We are bringing the Regulations to the special attention of the House in our Report this week, and also commenting on the IA.

The IA details the impact on financial services businesses not only of this instrument, but of nine others, all but one of which have already been laid before Parliament. The Committee had concerns about the adequacy of the IA and the reliability of the estimate of some £140 million as the total cost to financial services businesses of implementing these instruments.

In the IA, your Department states that no IA was prepared for consultation with those affected, and also that the time available made it impossible to engage with the financial services industry in sufficient detail to monetise the costs associated with the SIs.

It also states that most of the direct costs to business result from familiarisation with the amended legislation. While the formulae used for calculating such costs are given, the resulting level of costs seems surprisingly low, at least in the case of some of the instruments.

We would be interested to know more about the evidence base which your Department used for the IA, particularly given the limitations described on consultation with those affected.
I would be grateful if you could respond on this issue, and the other points made in this letter, by close on Tuesday 15 January.

[Signature]

Rt Hon. Lord Trefgarne PC
Chairman of the Secondary Legislation Scrutiny Committee and of Sub-Committee A