



Treasury Committee

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John Glen MP, Economic Secretary to the Treasury
HM Treasury
1 Horse Guards Road
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7 February 2019

Dear John

Thank you for giving evidence to the Committee on the Financial Services and Markets Act 2000 (Amendment) (EU Exit) Regulations 2019 Statutory Instrument.

The Committee acknowledges this was an unusual and unprecedented level of scrutiny for a Statutory Instrument, but it is clear that Parliament is operating in an unprecedented environment.

Given the wide range of powers that are being delegated to the Bank of England, the Prudential Regulation Authority and the Financial Conduct Authority, (“the regulators”) the Committee felt it was important and necessary that Parliament could scrutinise these additional powers properly.

The Committee was pleased to be able to question you and the regulators on the length of time these powers will be needed, the scope of the powers, the justification of the powers and their impact on the wider Brexit negotiations.

The commitments of the regulators to consult on changes they to their rules and their commitment to keep the Committee and Parliament informed of such changes will be an important aspect of Parliament’s oversight of these bodies, and the Committee will hold the regulators to those commitments.

I also wanted to reiterate the comments made by the Committee in the session:

Government should provide impact assessments of the legislation it intends to pass. This applies to all legislation, not only Bills on introduction, without providing impact assessments, it is difficult for Members of Parliament to carry out their duty of scrutinising legislation, and it does not provide sufficient information for Members to base their decisions on when voting for or against proposed legislation.

Given the wide-reaching scope of the powers that are being provided to the regulators, the Committee believes it is important that the House has the opportunity to debate this SI on the Floor of the House, rather than in a Committee. I have already written to the Leader of the House to request such a debate.



In addition, I am aware that the Government has proposed a further SI: Equivalence Determinations for Financial Services and Miscellaneous Provisions (Amendment etc.) (EU Exit) Regulations 2019, which will be debated in Delegated Legislation Committee on Tuesday 12 February.

Before then, I'd be grateful if you could you set out why the Treasury requires the power to designate third countries as equivalent, given the regulators already have a temporary permissions regime to enable them to carry out their objectives in the event of no deal. And why, if this power is needed, is it only being granted for 12 months, rather than for the same length of time as the temporary permissions regime?

I shall be placing this letter in the public domain.

A handwritten signature in blue ink, appearing to read 'Nicky Morgan'.

Rt Hon Nicky Morgan MP
Chair of the Treasury Committee