



HM Treasury, 1 Horse Guards Road, London, SW1A 2HQ

Baroness Falkner of Margravine
European Union Financial Affairs Sub-Committee
Committee Office
House of Lords
London SW1A

26 March 2018

Dear Baroness Falkner of Margravine,

Government Response to Committee Report, *Brexit: Future of Financial Regulation and Supervision*

I would like to thank you and the Committee for your work producing this excellent Report on the future of financial regulation and supervision after Brexit. This policy area will be a key matter for discussion moving forward. This report is a welcome and timely contribution to the debate.

As the negotiations on the UK's future relationship with the EU on financial services begin in earnest, the government is keen to hear from industry experts and other interested groups. The work of the Committee in collating and analysing such a large volume of evidence enriches this debate and provides an invaluable guide to the different perspectives across the sector and more widely. Moreover, this report reveals points of contention within industry on the issue of the future of financial regulation and supervision, which are a helpful resource for the government in its continuing engagement with the sector.

The government is alive to many of the issues raised in this report. The exact shape of our future regulatory and supervisory frameworks after we withdraw from the EU depends partly on the outcome of the negotiations on our future relationship with the EU. The government has been clear that the UK will continue to maintain high regulatory standards in all such scenarios. I would like to reassure the Committee that these recommendations will be used to inform our ongoing planning and analysis, and will prove useful in driving forward our agenda.

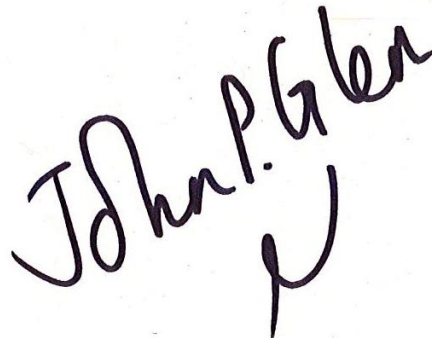
Please find enclosed the government's response to your Report on this matter, published on 26 January 2018. To note, given a commitment to meet the parliamentary deadline of responding to this Report by 26 March 2018, this response has not been updated to reflect the developments around the

implementation period agreed at March European Council. This affects the government response to recommendations 11, 12, 13 and 14. Given this omission, I will shortly write to update the Committee on the conclusions of March European Council and confirm the impact of these conclusions on the recommendations specified above.

I am copying this letter to Sir William Cash MP, Chair of the House of Commons European Scrutiny Committee; Lynn Gardner, Clerk to the Commons Committee; Lord Boswell of Aynho, Chair of the House of Lords EU Select Committee; Christopher Johnson, Principal Clerk to the Lords Committee; Matthew Manning, Clerk to the Lords Sub-Committee; Soryah Haggarty and Toby Coaker, HM Treasury.

Thank you again for this comprehensive report and I look forward to continuing my engagement with the Committee.

Yours sincerely

A handwritten signature in black ink that reads "John P. Glen". The signature is written in a cursive style and is positioned diagonally across the page.

JOHN GLEN