

**C L I F F O R D**  
**C H A N C E**

**UK EDINBURGH REFORMS –  
FINANCIAL SERVICES AND MARKETS BILL**

MAPPING AND TIMING OF THE REFORMS  
DECEMBER 2022

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# INTRODUCTION

## HM Treasury's core list of files

- The Financial Services and Markets (FSM) Bill provides for the review, repeal, reform and replacement of EU-derived legislation.
- HM Treasury has identified 43 "core" EU financial services files in scope of its implementation programme under the Bill.
- Work is already under way on four groups of files on the core list (Tranche 1) and a group of other files have been identified as the next priority (Tranche 2).

## Edinburgh reforms package

- The Government's Edinburgh reforms package includes over 30 proposals:
  - some of these directly relate to the core files in scope of the implementation programme under the FSM Bill; plus
  - cross-cutting and other proposals to reform the UK financial system of financial regulation.

## Timing

- HM Treasury expects to make significant progress on both Tranche 1 and Tranche 2 by end 2023.
- The government will review and assess the remaining files and will consider whether to bring any forward into Tranche 2 and the order in which they should be prioritised within Tranche 3.
- The Edinburgh reform package sets the timetable for the other reforms.

# LIST OF “CORE” EU FINANCIAL SERVICES FILES

Tranche 1 files

Tranche 2 files

Category	Acronym	Name	Related Edinburgh reforms
Market regulation	MiFID/R	Markets in Financial Instruments Directive and Regulation	<ul style="list-style-type: none"> <li>Delivering on <a href="#">Wholesale Markets Review</a> (FSM Bill changes).</li> <li><a href="#">Markets in Financial Instruments (Investor Reporting) (Amendment) Regulations 2022</a> laid.</li> <li>Planned SI on commodity derivatives trading (Q1 2023).</li> <li>Introduce consolidated tape (by 2024).</li> <li>Planned investment research review.</li> <li>Work on new class of trading venue (intermittent trading).</li> <li>Work on boundary between regulated advice and other advice (with FCA).</li> </ul>
	PRIIPs	Packaged Retail and Insurance-based Investment Products Regulation	<ul style="list-style-type: none"> <li>Consultation on <a href="#">PRIIPs and UK retail disclosure</a> published.</li> </ul>
	Prospectus	Prospectus Regulation	<ul style="list-style-type: none"> <li>Delivering on <a href="#">Lord Hill listing review</a> and <a href="#">Secondary Capital Raising Review</a>.</li> </ul>
	LD	Listing Directive	<ul style="list-style-type: none"> <li><a href="#">Illustrative SI (policy note)</a> published.</li> </ul>
	TD	Transparency Directive	
	MAR	Market Abuse Regulation	
	SSR	Short Selling Regulation	<ul style="list-style-type: none"> <li><a href="#">Call for evidence on short selling review</a> published.</li> </ul>
	Sec Reg	Securitisation Regulation	<ul style="list-style-type: none"> <li>Delivering on <a href="#">Securitisation review</a>.</li> <li><a href="#">Illustrative SI (policy note)</a> published.</li> </ul>
	SFTR	Securities Financing Transactions Regulation	
	BMR	Benchmarks Regulation	<ul style="list-style-type: none"> <li>Planned consultation on regulation of ESG ratings providers (Q1 2023).</li> <li>ESG Data and Ratings Code of Conduct Working Group.</li> </ul>
	CRAR	Credit Rating Agencies Regulation	
Credit	CCD	Consumer Credit Directive	<ul style="list-style-type: none"> <li>Consultation on <a href="#">Reforming the Consumer Credit Act</a> published.</li> </ul>
	MCD	Mortgage Credit Directive	

# LIST OF “CORE” EU FINANCIAL SERVICES FILES

(CONTINUED)

Tranche 1 files

Tranche 2 files

Category	Acronym	Name	Related Edinburgh reforms
Financial Market Infra-structure	CSDR	Central Securities Depositories Regulation	<ul style="list-style-type: none"> <li>Planned <a href="#">accelerated settlement taskforce</a>.</li> <li>Implementing FSM Bill changes (FMI sandbox planned for 2023).</li> </ul>
	EMIR	European Market Infrastructure Regulation	
	SFD	Settlement Finality Directive	
Funds	AIFMD	Alternative Investment Fund Managers Directive	<ul style="list-style-type: none"> <li>Plan to repeal without replacement.</li> </ul>
	ELTIF	European Long-Term Investment Funds Regulation	
	EuVeCa	European Venture Capital Funds Regulation	
	EuSEF	European Social Entrepreneurship Funds Regulation	
	MMFR	Money Market Funds Regulation	
	UCITS	Undertakings for the Collective Investment in Transferable Securities Directive	
Green	SFDR and Taxonomy	Sustainable Finance Disclosure Regulation and Taxonomy Regulation	<ul style="list-style-type: none"> <li>Plan to publish updated Green Finance Strategy in early 2023.</li> </ul>
Insurance	IDD	Insurance Distribution Directive	<ul style="list-style-type: none"> <li>Solvency II review: Government plans <a href="#">announced</a> in Autumn Statement.</li> </ul>
	IMD	Insurance Mediation Directive	
	IRR	Insurers (Reorganisation and Winding-up) Directive	
	LACD	Life Assurance Consolidation Directive	
	MID	Motor Insurance Directive	
	Solvency	Solvency II Directive	
	RD	Reinsurance Directive	

# LIST OF “CORE” EU FINANCIAL SERVICES FILES

(CONTINUED)

Tranche 1 files

Tranche 2 files

Category	Acronym	Name	Related Edinburgh reforms
Payments	CbPEu	Cross-border Payments in Euros Regulation	
	EMD	E-Money Directive	<ul style="list-style-type: none"> <li>• See Payment Services Directive.</li> </ul>
	IFR	Interchange Fee Regulation	
	PAD	Payment Accounts Directive	<ul style="list-style-type: none"> <li>• Consultation on <a href="#">Information requirements in the Payment Account Regulations</a> published.</li> </ul>
	PSD	Payment Services Directive	<ul style="list-style-type: none"> <li>• <a href="#">Illustrative SI (policy note)</a> published.</li> </ul>
Prudential Banking	CRR/D (CRR)	Capital Requirements Directive and Regulation	<ul style="list-style-type: none"> <li>• <a href="#">HM Treasury consultation</a> and <a href="#">PRA consultation</a> on implementation of Basel 3.1 standards (November 2022).</li> </ul>
	CID	Credit Institutions (Reorganisation and Winding Up) Directive	
Resolution	BRRD	Bank Recovery and Resolution Directive	
Shares	SRD	Shareholder Rights Directive	
Misc.	DGSD	Deposit Guarantee Schemes Directive	
	DMCFS	Distance Marketing of Consumer Financial Services Directive	
	FCAD	Financial Collateral Arrangements Directive	
	FCoD	Financial Conglomerates Directive	

## Notes

See Schedule 1 to the FSM Bill for the full list of legislation that will be revoked under that Bill.

The table includes EU directives (including EU directives that have been repealed or replaced) where UK legislation includes provisions relating to their implementation that is covered by Schedule 1 to the FSM Bill (EU directives do not as such form part of retained EU law).

The list of core files focuses on financial services and does not cover broader EU directives that have required specific implementation for financial services, although the UK legislation implementing those directives is covered by Schedule 1 to the FSM Bill.

# EDINBURGH REFORMS

## CROSS-CUTTING AND OTHER PROPOSALS

<b>Cross-cutting</b>	<ul style="list-style-type: none"><li>• New remit letters for the <a href="#">PRA</a> and <a href="#">FCA</a> published with recommendations on growth and international competitiveness.</li><li>• Planned review on reforming the Senior Managers &amp; Certification Regime (Q1 2023).</li></ul>
<b>Banking</b>	<ul style="list-style-type: none"><li>• Consultation on <a href="#">Ring-fencing reforms</a> published.</li><li>• Announcement of <a href="#">Amendments to the Building Societies Act 1986</a> dealing with the funding and corporate framework of building societies.</li><li>• Legislating in the FSM Bill on a regime for stablecoins used for payment purposes.</li><li>• Planned consultation on a UK retail central bank digital currency alongside the Bank of England (Q4 2022/Q1 2023).</li><li>• Planned PRA consultation on removing rules for the capital deduction of certain non-performing exposures held by banks.</li></ul>
<b>Asset management</b>	<ul style="list-style-type: none"><li>• Consultation on <a href="#">VAT treatment of fund management</a> published.</li><li>• Response to consultation on <a href="#">Expanding the Investment Transactions List for the Investment Management Exemption and other fund tax regimes</a> published.</li><li>• Improvements to the tax rules for Real Estate Investment Trusts (from April 2023).</li></ul>
<b>Pensions</b>	<ul style="list-style-type: none"><li>• Planned consultation on new guidance on Local Government Pension Scheme asset pooling (early 2023).</li><li>• Planned new regulations to remove well-designed performance fees from the pensions regulatory charge cap (early 2023).</li><li>• Increase in pace of consolidation in defined contribution pension schemes.</li></ul>

# TIMING OF THE REFORMS

## Q4 2022

- [Investment Manager \(Investment Transactions\) \(Cryptoassets\) Regulations 2022](#) introduced.
- Consultation on UK retail central bank digital currency (with Bank of England).

## Q1 2023

- [Markets in Financial Instruments \(Investor Reporting\) \(Amendment\) Regulations 2022](#) in force (18 January – some provisions).
- Response deadlines for:
  - consultation on [VAT treatment of fund management](#) (3 February);
  - consultation on [Information requirements in the Payment Account Regulations](#) (17 February);
  - FCA [CP22/24](#) on broadening access to financial advice for mainstream investments (28 February)
  - [Call for evidence on short selling review](#) (4 March);
  - consultation on [Reforming the Consumer Credit Act](#) (17 March).
- Consultations on:
  - review into reforming the Senior Managers & Certification Regime;
  - regulation of ESG ratings providers;
  - the practicalities of aligning the ring-fencing and resolution regimes (call for evidence – [ring-fencing reforms](#));
  - new guidance on Local Government Pension Scheme asset pooling (early 2023);
  - removing rules for the capital deduction of certain non-performing exposures held by banks (PRA).\*
- Planned SI on commodity derivatives trading.
- Financial Services and Markets Bill receives Royal Assent.\*
- Revised Green Finance Strategy published (early 2023).



# TIMING OF THE REFORMS

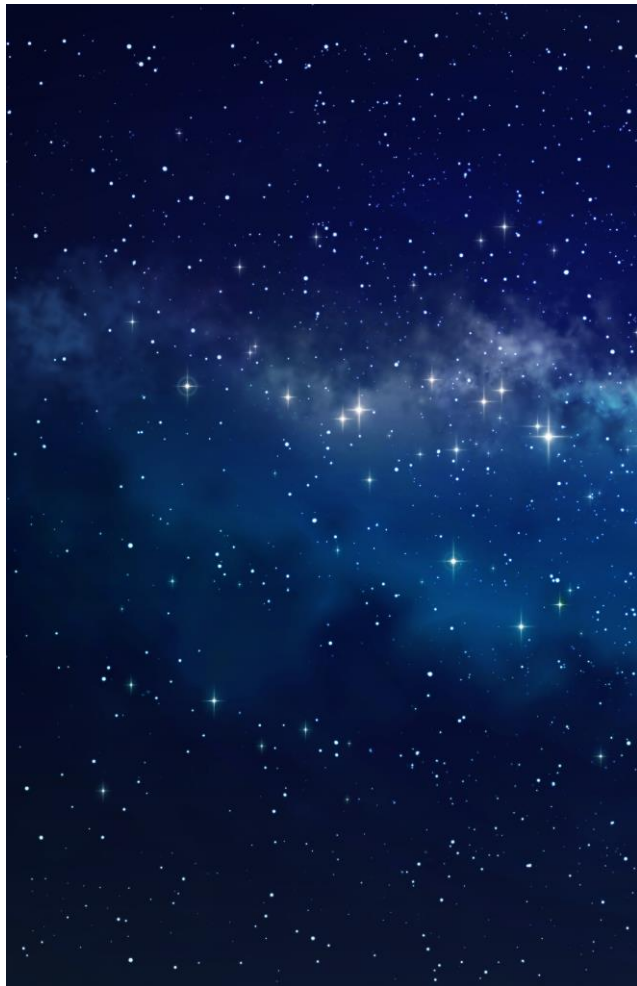
## (CONTINUED)

Q2 2023	<ul style="list-style-type: none"> <li>• <a href="#">Markets in Financial Instruments (Investor Reporting) (Amendment) Regulations 2022</a> in force (7 June – remaining provisions).</li> <li>• Improved tax rules for Real Estate Investment Trusts (from April 2023).</li> <li>• LTIF Regulation repealed.*</li> <li>• Consultation on near-term reforms to the ring-fencing regime (<a href="#">ring-fencing reforms</a>).</li> </ul>
Q3 2023	<ul style="list-style-type: none"> <li>• SIs on public offers, securitisation and payments introduced.*</li> <li>• <a href="#">Amendments to the Building Societies Act 1986</a> – legislation introduced.*</li> </ul>
Q4 2023	<ul style="list-style-type: none"> <li>• Substantial progress on review, repeal, reform and replacement of all EU-derived legislation covered by Tranche 1 and Tranche 2 files (by end 2023).</li> <li>• <a href="#">Accelerated settlement taskforce</a> publishes initial findings (December).</li> </ul>
Q1 2024	<ul style="list-style-type: none"> <li>• Work starts on review, repeal, reform and replacement of EU-derived legislation covered by Tranche 3 files.*</li> </ul>
Q2 2024	
Q3 2024	
Q4 2024	<ul style="list-style-type: none"> <li>• Introduction of consolidated tape (by 2024).</li> <li>• <a href="#">Accelerated settlement taskforce</a> publishes final report and recommendations (December).</li> </ul>

### Note

Timings are based on Government statements except \* are estimates. The table does not cover any consultation by the regulators on their rules implementing the reforms.

## MORE INFORMATION



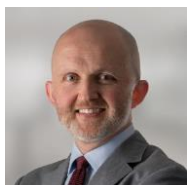
- Chancellor of the Exchequer, [Ministerial statement](#) (9 December 2022);
- [Financial Services: The Edinburgh Reforms](#) (9 December 2022);
- HM Treasury policy statement, [Building a smarter financial services framework for the UK](#) (9 December 2022);
- Clifford Chance briefing, [UK Financial Services and Markets Bill: enacting the future regulatory framework](#) (July 2022);
- [Topic Guide](#) on UK Financial Services and Markets Bill on Clifford Chance [Financial Markets Toolkit](#).

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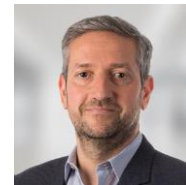
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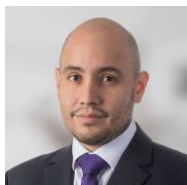
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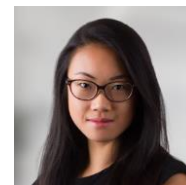
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