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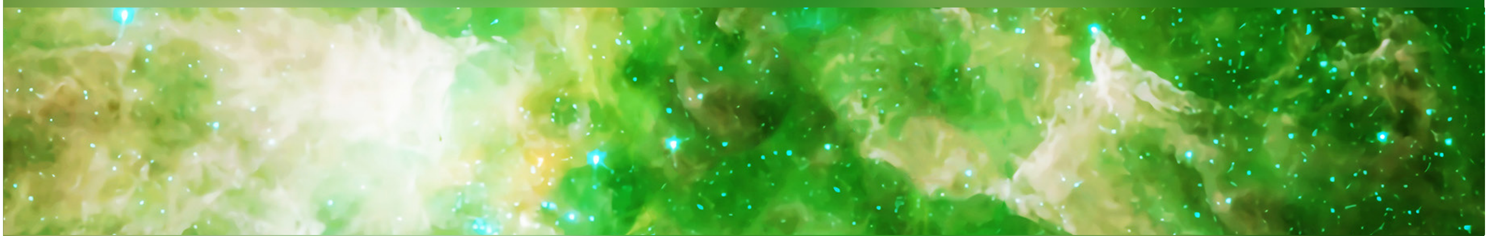

UK EDINBURGH REFORMS:
IMPACT ON FINANCIAL SERVICES

UK EDINBURGH REFORMS: IMPACT ON FINANCIAL SERVICES

The UK government has announced a package of over 30 measures to reform financial services regulation. The "Edinburgh reforms" are intended to drive growth and competitiveness in the UK financial services sector and include the government's plans for the repeal and reform of retained EU law on financial services under the Financial Services and Markets Bill (FSM Bill).

Some of the measures in the reform package directly relate to the government's planned repeal and reform of retained EU law on financial services under the FSM Bill. But the reforms also include cross-cutting and other proposals to reform the UK system of financial regulation. In addition, the package includes details of the timing of the next steps for the reforms over 2023 and 2024. See Annexes 1, 2 and 3 below for an overview.

Repeal and reform of retained EU law on financial services

The FSM Bill will repeal retained EU law on financial services and will give HM Treasury powers to amend, restate and replace that law. This will enable it to implement the UK future regulatory framework under which a greater part of UK regulation will take the form of rules made by the UK regulators, in accordance with the framework under the Financial Services and Markets Act 2000 (FSMA). The reform package includes a statement of how HM Treasury plans to use its powers under the FSM Bill as well as its proposals for the reform of specific areas of retained EU law.

HM Treasury has identified 43 "core" files of retained EU law on financial services to be repealed and reformed under the FSM Bill. HM Treasury intends to prioritise the repeal and reform of these files by dividing them into tranches. The first tranches of its repeal and reform programme are:

- **Tranche 1:** this comprises work already underway in relation to the wholesale markets review (which makes substantial amendments to the MiFID framework), Lord Hill's listing review, the securitisation review and the Solvency II review.
- **Tranche 2:**
  - remaining implementation of the wholesale markets review;
  - further work on Solvency II;
  - Packaged Retail and Insurance-based Investment Products Regulation;
  - Short Selling Regulation;
  - Taxonomy Regulation;
  - Money Market Funds Regulation;
  - Payment Services Directive and E-money Directive;
  - Insurance Mediation and Distribution Directives;

Key issues

UK government announces over 30 measures to reform financial services regulation

Reforms set out a phased plan to repeal and reform retained EU law

The reforms include measures for:

- wholesale markets
- retail and consumer business
- asset management and pensions
- payments
- capital markets
- sustainable finance
- insurance
- individual accountability – SM&CR
- ring-fencing
- bank prudential rules
- regulators' remits

– Capital Requirements Regulation and Directive;

– Long-Term Investment Funds Regulation;

– The consumer information rules in the Payment Accounts Regulations 2015.

HM Treasury has indicated that it would welcome views on whether any other files should be included in Tranche 2 and which files should be prioritised within the next tranche. It expects to make significant progress on Tranches 1 and 2 by the end of 2023, but states that the entire process of repealing retained EU law will take a number of years. Alongside the planned repeal process, HM Treasury may also use its powers under the FSM Bill to make interim, targeted transitional amendments to retained EU law.

HM Treasury has stated that it does not propose to pursue change for its own sake and expects that much of the substance of retained EU law will remain even if it is replaced by regulators' rules. It also will ensure that there will be opportunities for stakeholders to feed in views, but there may not be formal consultation on all aspects of the programme.

HM Treasury has published three example statutory instruments (with accompanying policy notes) to illustrate how it might use its powers in practice on individual files:

- **Payments and e-money:** illustrative draft Electronic Money and Payment Services (Amendment) Regulations 2023;

- **Prospectus rules:** illustrative draft Financial Services and Markets Act 2000 (Public Offers and Admissions to Trading) Regulations 2023; and

- **Securitisation:** illustrative draft Securitisation Regulations 2023.

These are published for information purposes only and are not intended as a final product or as drafts for consultation.

The UK regulators will also set out their own plans for consultation on their rule-making proposals. In December 2022, the FCA published a document setting out its approach to implementation of the future regulatory framework and the PRA is consulting on its approach via a discussion paper published in September 2022.

Wholesale markets

Building on the UK wholesale markets review and the inclusion of MiFID/MiFIR in Tranches 1 and 2 of the government's repeal and reform programme, the Edinburgh reforms include other measures to reform UK wholesale markets:

- **Market data:** The government and the FCA plan to put in place a regulatory regime to support a consolidated tape for market data by 2024. This will bring together market data from multiple platforms into one continuous feed, aiming to improve market efficiency, lower costs for firms and investors, and make UK markets more attractive and competitive.

- **Trading venues:** The government will work with the regulators and market participants to trial a new class of wholesale market venue which would operate on an intermittent trading basis (described as a global first).

- **Investment research:** The government proposes to carry out an independent review of investment research and its contribution to UK capital markets competitiveness.

- **Short selling:** The Short Selling Regulation is included in Tranche 2 of the government's repeal and reform programme. HM Treasury has also launched a call for evidence on the UK short-selling regime, focusing on the short selling of shares. It will review the regime for short selling of UK government debt and UK sovereign credit default swaps later.

- **Commodities trading - MiFID ancillary activities test:** The government proposes to bring forward secondary legislation in Q1 2023 to remove burdens from firms trading commodities derivatives as an ancillary activity (as envisaged by the wholesale markets review).

- **Post-trade:** HM Treasury has published the terms of reference of a new industry-led accelerated settlement taskforce. Other jurisdictions have been exploring a move to accelerate settlement of trades to a T+1 standard. The new UK taskforce will explore the potential for faster settlement in the UK, moving from the current T+2 settlement period to T+1 or potentially same day (T+0) settlement. The taskforce is to provide an interim report in December 2023, and to issue its final report and recommendations by December 2024.

- **FMI sandbox:** The government plans to create a financial market infrastructure sandbox in 2023 using the powers in the FSM Bill. This will enable firms to test and adopt new technology and innovations, such as distributed ledger technology, in providing market infrastructure services.

Retail and consumer business

The reform package includes several measures relevant to retail and consumer business:

- **Investor reporting regime:** The Markets in Financial Instruments (Investor Reporting) (Amendment) Regulations 2022 were laid before Parliament on 9 December 2022. The Regulations remove the requirement for firms providing portfolio management services to inform retail clients whenever the overall value of their portfolio depreciates by 10% and thereafter at multiples of 10% (from 18 January 2023). They also make electronic communication the default method of communication for retail clients (from 7 June 2023).

- **PRIIPs:** The (unloved) Packaged Retail and Insurance-based Investment Products Regulation is included as part of Tranche 2 of the government's repeal and reform programme. The government has published a consultation on a proposed alternative framework for retail disclosure in the UK which would cover both PRIIPs and UCITS disclosure requirements.

- **Investment advice:** The government has committed to work with the FCA to examine the boundary between regulated financial advice and financial guidance.

- **Consumer credit:** Following its June 2022 announcement of its plans to modernise the Consumer Credit Act 1974 (CCA), HM Treasury has launched a Phase 1 consultation on proposed reform of the CCA. The CCA has long been criticised as highly prescriptive and increasingly cumbersome and inflexible, confusing for consumers, and adding unnecessary costs to businesses. The FCA's review of the CCA considered modernisation of the text and adoption of a less prescriptive and more outcomes focused approach to information requirements and has recently acknowledged that prescriptive requirements in legislation such as the CCA could affect firms' ability to comply with the incoming Consumer Duty. The government has published a first stage consultation as a step towards legislation to move these provisions into FCA rules and to allow the FCA to make changes. The consultation will close on 17 March 2023 and will be followed by a second stage consultation later.

Asset management and pensions

The reform package includes measures relevant to asset management business:

- **Retained EU law:** The Money Market Funds Regulation and the Long-Term Investment Funds Regulation are included in Tranche 2 of the government's repeal and reform programme. The government plans to repeal the Long-Term Investment Funds Regulation without replacement as it has not been used in the UK and the UK has created its own new Long-Term Asset Fund structure.

- **Pensions regulatory charge cap:** The government plans to lay regulations in early 2023 to remove well-designed performance fees from the pensions regulatory charge cap.

- **VAT treatment:** Following a budget announcement in 2020, the government has published a technical consultation with proposals for reform of the VAT rules on fund management. The proposals aim to codify existing policy to give legal clarity and certainty to asset managers.

- **Management of cryptoassets:** HM Revenue & Customs has published a response to the consultation on expanding the investment manager exemption and other tax regimes to include cryptoassets. The investment manager exemption provides certainty that non-UK resident investors will not come within the scope of UK taxation when they appoint UK-based investment managers to act for them.

- **REITs:** The government plans to amend the tax rules for real estate investment trusts (REITs). With effect from April 2023, new rules will remove the requirement for a REIT to own at least three properties (where they hold a single commercial property worth at least £20 million) and will amend the rule that applies to properties disposed of within three years of significant development activity.

- **Pension scheme pooling:** The government plans a consultation on new guidance on Local Government pension scheme asset pooling in early 2023 and is seeking to increase the pace of consolidation in defined contribution pension schemes.

Payments

The government's illustrative statutory instrument indicates how it plans to make transitional amendments to the UK legislation implementing the Payment Services Directive and E-money Directive pending the repeal and replacement of those regulations as part of Tranche 2 of its repeal and reform programme:

- For the time being, the government would retain the separate regulatory regimes under the existing UK regulations implementing those directives but make changes to them to align them with the regime under FSMA.

- The illustrative statutory instrument would give the FCA additional rulemaking powers for payment institutions and e-money firms, including with respect to the holding of client assets on trust (but without, at least in this version, revoking the existing provisions on the insolvency preference of client claims that might conflict with those rules).

- The illustrative statutory instrument would also apply some provisions of FSMA in relation to payment institutions and e-money firms, including with respect to the private right of action for rule breaches (in a similar way to the FCA's proposed extension of the FSMA senior managers' regime to payment institutions and e-money firms in July 2022).

- The illustrative statutory instrument includes a requirement on the FCA to have regard to the net zero emissions target as one of the regulatory principles applying to the exercise of its functions for payment services and e-money. This may become more significant as the government is also planning to legislate under the FSM Bill to extend the payment services regime to capture "digital settlement assets" (such as fiat-backed stablecoins).

The reform package also includes a consultation on customer information requirements in the Payment Accounts Regulations 2015 which implemented the Payment Accounts Directive in the UK. This follows a 2021 review of those regulations when HM Treasury concluded that there were opportunities to reduce burdens on firms whilst continuing to support consumers. The consultation asks for further feedback on proposals to streamline and provide greater flexibility in presentation of customer information requirements under the regulations. The consultation closes on 17 February 2023.

The government also plans to consult on a UK retail central bank digital currency alongside the Bank of England by early 2023.

Capital markets

The government's illustrative statutory instruments also indicate how it plans to use its powers to amend the UK prospectus regime and securitisation regime as part of Tranche 1 of its repeal and reform programme. The FSM Bill will repeal the Prospectus Regulation and the Securitisation Regulation. The illustrative statutory instruments indicate how these would be replaced by new rules using the designated activities regime and other powers under the FSM Bill.

- **Prospectuses:** The statutory instrument would create a new prohibition on public offers of 'restricted securities' in the UK. This would be subject to a range of mostly familiar exemptions and exclusions, e.g., for offers of securities to professional investors or in large denominations (GBP 50,000 or more) and for offers of securities issued by sovereigns, local authorities and charities. A prospectus would still be required for admission to trading of 'transferable securities' on a UK regulated market or UK primary multilateral trading facility (such as the International Securities Market). The FCA would be given powers to specify the content requirements with some changes to today's rules. For debt, for example, the 'prospects' of the issuer would include 'creditworthiness' and the current stark differentiation between 'wholesale' and 'retail' disclosure would change. The FCA is due to consult on this in 2023. The policy note accompanying the illustrative statutory instrument also indicates that the government is still considering the proposal in its March 2022 consultation response to allow offers into the UK of securities listed on certain overseas stock markets using offering materials approved by an overseas regulator.

- **Securitisation:** The repeal of the Securitisation Regulation and the illustrative statutory instrument would allow the FCA and the PRA to make rules on securitisation to replace most of the rules currently in the Securitisation Regulation. The existing framework has been criticised for its inflexibility and the regulators' powers to change their rules and to waive or modify them in individual cases should improve this. The statutory instrument would also specify the equivalence regime allowing UK institutional investors to treat non-UK securitisations as simple, transparent and standardised (STS) and restate some provisions of the Securitisation Regulation, including the frameworks for authorising and regulating securitisation repositories and third-party verifiers of STS. Some non-UK fund managers that offer their funds into the UK would be excluded, but otherwise the regulatory perimeter seems likely to remain broadly unchanged. The substantive requirements would mostly depend on the rules made by the FCA and the PRA who may consult on these in 2023 (taking into account the outcomes of the government's securitisation review). However, the due diligence rules for occupational pension schemes would be set out in the statutory instrument itself as the Pensions Regulator does not have relevant rule-making powers (and the illustrative instrument currently does not, at least in this version, envisage changes to the current rules to reflect the outcome of the securitisation review).

Reforming the prospectus regime will also enable the government to implement recommendations from Lord Hill's UK listing review which aims to widen participation in the ownership of public companies, simplify the UK capital raising process, and make the UK a more attractive destination for initial public offerings. HM Treasury is also working with the Department for Business, Energy & Industrial Strategy to deliver the recommendations made to government as part of the secondary capital raising review, and more broadly on reforms to corporate governance, aiming to further enhance the attractiveness of UK public markets.

Sustainable finance

The government's call for evidence in May 2022 originally envisaged publication later in 2022 of an update to the 2019 Green Finance Strategy, in line with the government's plan to ensure that the UK is at the forefront of the rapidly growing market for global green finance. Now scheduled for early 2023, this update will address the following four key themes: capturing the opportunity of green finance; mobilising finance for the UK's energy security, climate and environmental objectives; greening the financial system; and leading internationally.

In addition, the Taxonomy Regulation is included as part of Tranche 2 of the government's repeal and reform programme. HM Treasury has also announced that it will use its powers under the FSM Bill to repeal the statutory requirement under the Taxonomy Regulation to make technical screening criteria regulations by 1 January 2023, allowing the government more time to develop the UK green taxonomy.

The government is considering bringing environmental, social and governance (ESG) ratings providers within the regulatory perimeter and intends to issue a consultation on this proposal in Q1 2023. HM Treasury will also join the industry-led ESG data and ratings code of conduct working group, recently convened by the FCA, as an observer. ESG data and ratings services are increasingly seen as important for investment decisions and lack of consistent data can be a challenge to investors, prompting IOSCO's call for oversight of this sector in November 2021.

Insurance

The government set out its plans to reform Solvency II in the Chancellor of the Exchequer's Autumn Statement and the repeal and replacement of Solvency II and the UK legislation implementing the Insurance Distribution and Mediation Directives are included in Tranches 1 and 2 of the government's repeal and reform programme.

Individual accountability – the SM&CR

HM Treasury and the UK regulators will launch parallel reviews of the senior managers and certification regime (SM&CR) in Q1 2023. The government will launch a call for evidence to look at the legislative framework of the regime, seeking views on the regime's effectiveness, scope and proportionality, and on potential improvements and reforms. Separately the PRA and the FCA will each review the regulatory framework. The outcome of these workstreams will be relevant for banks, insurers and FCA-only regulated firms.

Following the announcement of the Edinburgh reforms, the PRA and the FCA published a joint consultation paper in December 2022 on proposals to end the cap on bankers' bonuses (as announced in the former Chancellor of the Exchequer's 'mini-budget' in September 2022). The PRA had previously indicated its view that the senior managers regime and remuneration rules requiring deferral of bonus payments are more effective tools for ensuring bankers take proper account of risks. The response deadline for the consultation is 31 March 2023.

Ring-fencing

The ring-fencing and proprietary trading review panel recommended revisions to the existing legal and regulatory framework in its final report in March 2022. The government has issued its response to that report, outlining its intention to consult in mid-2023 on both the near-term measures proposed by the panel and other measures to improve the framework. Following that consultation, the government intends to bring forward secondary legislation later in 2023 to effect the changes. The consultation will address the following proposals:

- **Scope of the regime:** Taking banking groups without major investment banking operations out of the ring-fencing regime, supporting domestic competition by removing requirements from retail-focused banks where ring-fencing does not provide financial stability benefits and removing a barrier to growth for smaller, growing banks.

- **Definitions:** Updating the definition of 'relevant financial institution', which has prevented some small businesses such as high street financial advisers from accessing financial services and imposed disproportionate compliance burdens on banks.

- **Geographical scope:** Removing blanket geographical restrictions on ring-fenced banks operating subsidiaries or servicing clients outside the European Economic Area (EEA), helping UK banks to compete internationally and supporting UK businesses operating abroad while allowing regulators to manage any associated risks to their objectives.

- **Functional improvements:** Taking forward technical amendments outlined in the review to improve the functioning of the regime, removing unintended consequences, and providing benefits for the sector and the economy.

- **Restricted activities:** Reviewing and updating the list of activities which ring-fenced banks are restricted from carrying out, to assess whether certain activities could in future be undertaken safely by ring-fenced banks in order to improve the supply of financial services to consumers and businesses.
- **Deposit threshold:** Given that the level of sterling retail deposits has increased since the deposit threshold was originally set at £25 billion in 2015, increasing that threshold from £25 billion to £35 billion.

The independent review also found that the benefits of the ring-fencing regime would likely reduce over time as the resolution regime is embedded and offers a more comprehensive solution to addressing the problems of 'too big to fail'. The government stated that it agrees with the panel's recommendation to review the practicalities of aligning the two regimes and intends to issue a call for evidence in Q1 2023, responses to which will inform decisions on the long-term future of the ring-fencing regime.

Bank prudential rules

In November 2022, the government and the PRA consulted on the repeal of provisions of the Capital Requirements Regulation needed to allow the PRA to make rules implementing the Basel 3.1 standards, now scheduled for 1 January 2025. This will form part of Tranche 2 of the government's repeal and reform programme but the government has recognised that the planned repeals will still leave a complex prudential regulatory framework across legislation, PRA rules and remaining technical standards. The government has stated that, following the implementation of Basel 3.1, HM Treasury and the PRA will endeavour to complete the repeal and replacement of the remainder of the prudential legislative framework as soon as possible.

The PRA intends to consult on removing rules for the capital deduction of certain non-performing exposures held by banks to simplify the rulebook and allow the PRA to apply a more judgement-led approach.

The government also intends to legislate, when parliamentary time allows, to amend the Building Societies Act 1986 to give building societies in the UK greater flexibility to raise wholesale funds allowing them to operate on more competitive basis with retail banks while retaining their mutual model. As part of this, the government will also modernise relevant corporate governance requirements in line with the Companies Act 2006.

Regulators' remits

The FSM Bill will make changes to the UK regulators' objectives, including the introduction of new secondary objectives for the PRA and the FCA to focus on growth and international competitiveness. As part of the reforms package, the government has also published new remit letters setting out recommendations for how the regulators should have regard to the government's economic policy.

Next steps

The government's announcement has added to an already busy pipeline of UK regulatory initiatives. HM Treasury and the UK regulators have delayed the publication of the November 2022 update to their regulatory initiatives grid which sets out the UK regulatory pipeline. They plan to publish an updated grid reflecting the announcement in the new year.

For more information, see:

- 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 the Clifford Chance **Financial Markets Toolkit**.

Annex 1

List of "core" EU financial services files and related Edinburgh reforms

Tranche 1 files | Tranche 2 files

Category	Acronym	Name	Related Edinburgh reforms
Market regulation	MiFID/R	Markets in Financial Instruments Directive and Regulation	• Delivering on **Wholesale Markets Review** (FSM Bill changes). • **Markets in Financial Instruments (Investor Reporting) (Amendment) Regulations 2022** laid. • SI on commodity derivatives trading (Q1 2023). • Introduce consolidated tape (by 2024). • Planned investment research review. • Work on new class of trading venue (intermittent trading). • Work on boundary between regulated advice and other advice (with FCA).
	PRIIPs	Packaged Retail and Insurance-based Investment Products Regulation	• Consultation on **PRIIPs and UK retail disclosure** published.
	Prospectus	Prospectus Regulation	• Delivering on **Lord Hill listing review** and **Secondary Capital Raising Review**. • **Illustrative SI** (**policy note**) published.
	LD	Listing Directive	
	TD	Transparency Directive	
	MAR	Market Abuse Regulation	
	SSR	Short Selling Regulation	• **Call for evidence on short selling review** published.
	Sec Reg	Securitisation Regulation	• Delivering on **Securitisation review**. • **Illustrative SI** (**policy note**) published
	SFTR	Securities Financing Transactions Regulation	
	BMR	Benchmarks Regulation	• Planned consultation on regulation of ESG ratings providers (Q1 2023). • ESG Data and Ratings Code of Conduct Working Group.
	CRAR	Credit Rating Agencies Regulation	

Category	Acronym	Name	Related Edinburgh reforms
Credit	CCD	Consumer Credit Directive	• Consultation on **Reforming the Consumer Credit Act** published.
	MCD	Mortgage Credit Directive	
Financial Market Infra-structure	CSDR	Central Securities Depositories Regulation	• Planned **accelerated settlement taskforce**. • Implementing FSM Bill changes (FMI sandbox planned for 2023).
	EMIR	European Market Infrastructure Regulation	
	SFD	Settlement Finality Directive	
Funds	AIFMD	Alternative Investment Fund Managers Directive	
	ELTIF	European Long-Term Investment Funds Regulation	• Plan to repeal without replacement.
	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	• Plan to publish updated Green Finance Strategy in early 2023.
Insurance	IDD	Insurance Distribution Directive	
	IMD	Insurance Mediation Directive	
	IRR	Insurers (Reorganisation and Winding-up) Directive	
	LACD	Life Assurance Consolidation Directive	
	MID	Motor Insurance Directive	
	Solvency	Solvency II Directive	• Solvency II review: Government plans **announced** in Autumn Statement.
	RD	Reinsurance Directive	
Payments	CbPEu	Cross-border Payments in Euros Regulation	
	EMD	E-Money Directive	• See Payment Services Directive.
	IFR	Interchange Fee Regulation	
	PAD	Payment Accounts Directive	• Consultation on **Information requirements in the Payment Account Regulations** published.
	PSD	Payment Services Directive	• **Illustrative SI** (**policy note**) published.
Prudential Banking	CRR/D (CRR)	Capital Requirements Directive and Regulation	
	CID	Credit Institutions (Reorganisation and Winding Up) Directive	

Category	Acronym	Name	Related Edinburgh reforms
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 the FSM 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.

Annex 2

Edinburgh reforms – cross-cutting and other proposals

Market regulation	• New remit letters for the **PRA** and **FCA** published with recommendations on growth and international competitiveness. • Planned review on reforming the Senior Managers & Certification Regime (Q1 2023).
Banking	• Consultation on **Ring-fencing reforms** published. • Announcement of **Amendments to the Building Societies Act 1986** dealing with the funding and corporate framework of building societies. • Legislating in the FSM Bill on a regime for stablecoins used for payment purposes. • Planned consultation on a UK retail central bank digital currency alongside the Bank of England (Q4 2022/Q1 2023). • Planned PRA consultation on removing rules for the capital deduction of certain non-performing exposures held by banks.
Asset management	• Consultation on **VAT treatment of fund management** published. • Response to consultation on **Expanding the Investment Transactions List for the Investment Management Exemption and other fund tax regimes** published. • Improvements to the tax rules for Real Estate Investment Trusts (from April 2023).
Pensions	• Planned consultation on new guidance on Local Government Pension Scheme asset pooling (early 2023). • Planned new regulations to remove well-designed performance fees from the pensions regulatory charge cap (early 2023). • Increase in pace of consolidation in defined contribution pension schemes.

Annex 3

Timing of the Edinburgh 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). • Financial Services and Markets Bill receives Royal Assent.* • 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. • Revised Green Finance Strategy published (early 2023).
Q2 2023	• **Markets in Financial Instruments (Investor Reporting) (Amendment) Regulations 2022** in force (7 June - remaining provisions). • Improved tax rules for Real Estate Investment Trusts (from April 2023). • LTIF Regulation repealed.* • Consultation on near-term reforms to the ring-fencing regime (**ring-fencing reforms**).
Q3 2023	• SIs on public offers, securitisation and payments introduced.* • **Amendments to the Building Societies Act 1986** – legislation introduced.*

Q4 2023	• Substantial progress on review, repeal, reform and replacement of all EU-derived legislation covered by Tranche 1 and Tranche 2 files (by end 2023). • **Accelerated settlement taskforce** publishes initial findings (December).
Q1 2024	• Work starts on review, repeal, reform and replacement of EU-derived legislation covered by Tranche 3 files.*
Q2 2024	
Q3 2024	
Q4 2024	• Introduction of consolidated tape (by 2024). • **Accelerated settlement taskforce** publishes final report and recommendations (December).

Notes

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

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