



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

European Union Committee
c/o Lord Boswell of Aynho
House of Lords
London
SW1A 0PW

13th December 2018

Dear Tim,

7049/18: Proposal for a REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL on European Crowdfunding Service Providers (ECSP) for Business

7048/18: Proposal for a DIRECTIVE OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL amending Directive 2014/65/EU on markets in financial instruments

I am writing to provide a brief update on the progress of these proposals.

On 5th November, officials from HM Treasury attended the third Council Working Group on these proposals. The main update from this meeting is that the direction of travel among the majority of member states is towards changing the proposal into a minimum-harmonising Directive, rather than an opt-in Regulation. Our focus remains on ensuring that EU rules don't impact on the competitiveness of the UK's crowdfunding sector.

The UK continues to argue one key point: that the proposals would be more effective if they clearly differentiated between investment-based crowdfunding platforms and those for peer-to-peer (P2P) lending, as well as including further differentiation of the regulatory requirements applying to platforms depending on what specific activities they undertake. Our position on these matters is supported by a number of other Member States, and we have submitted further written comments to the Commission and Presidency to this effect. I will provide a further update when there is more substantial progress to report.

I am copying this letter to Sir William Cash MP, Chair of the House of Commons European Scrutiny Committee; Philip Aylett, Clerk of the House of Commons European Scrutiny Committee; Arnold Ridout, Legal Advisor of the House of Commons European Scrutiny Committee; Christopher Johnson, Clerk to the

Lords Committee; Les Saunders, Department for Exiting the EU and to Barbara Armstrong and Daniel Jones, HM Treasury.

with best regards

John

JOHN GLEN