



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

European Scrutiny Committee
c/o Sir William Cash MP
House of Commons
London
SW1A 0AA

Dear Sir Bill,

31st
October 2019

EM 11595/19 Communication from the Commission: Equivalence in the area of financial services

Thank you for clearing the communication from the EU Commission on equivalence in the area of financial services from scrutiny. I am writing to provide further information following the questions set out in the First Report of Session 2019-20, which asked for clarity on what the Government's plans for seeking equivalence from the EU.

In response to your question on whether the UK Government is seeking any changes to the sections of the Political Declaration on the future UK-EU relationship related to financial services, I can confirm that we did not seek any changes to the financial services text in the revised Political Declaration.

In response to your second question, I can confirm that the Government is seeking equivalence under EU law post-Brexit as part of a deep and comprehensive future relationship with the EU. As set out in the Political Declaration, the UK and EU have committed to start assessing equivalence with respect to each other under existing frameworks as soon as possible after the United Kingdom's withdrawal from the EU, endeavouring to conclude these assessments before the end of June 2020.

You ask which pieces of European legislation the Government will prioritise for equivalence processes. Our objective is to have as comprehensive a set of arrangements as possible, to support the breadth and depth of current financial services trade between the UK and EU. We stand ready to initiate this process with the EU and will be in a position to say more about that process at that time.

Once we leave the EU, the UK and EU will become separate, autonomous jurisdictions. The UK is committed to upholding open and global financial markets underpinned by the highest standards of regulation and appropriate levels of supervisory oversight, and remains committed to the full, timely and consistent implementation of the G20 internationally agreed financial regulatory reforms.

The UK ambition is for a future relationship with the EU that respects the autonomy of both Parties, whilst providing certainty and protecting financial stability. We believe that a deep and comprehensive future relationship with the EU remains the best way to further these shared goals,

including through arrangements that encourage us to work together constructively. Institutional arrangements within a negotiated agreement will help encourage regulatory consistency, manage stability, and enable supervisory cooperation. Agreeing such arrangements is the best way for both sides to have confidence in preserving and stabilising mutually beneficial cross-border activity in financial services.

I am copying this letter for information to the House of Lords European Union Committee.

with very best regards

JOHN GLEN MP

A handwritten signature in black ink, appearing to read "John", written in a cursive style.

ECONOMIC SECRETARY TO THE TREASURY