Proskauer

Mansion House Speech 2024 – Growth and Competitiveness

Regulatory & Compliance on **November 18, 2024**

Background

On 14 November 2024, the United Kingdom's Chancellor of the Exchequer delivered a speech setting out the UK Government's vision to grow and enhance the competitiveness of the financial services sector (the "**Speech**").

The key measures discussed in the Speech are summarised below, broadly split into two categories – investment and reform.

Investment

The Speech set out wide-ranging plans, focused on attracting investment from across the world and increasing private investment in the UK to grow the economy. The plans include:

- **Government Strategy:** The UK Government's first ever "Financial Services Growth and Competitiveness Strategy", to be published in Spring 2025. The strategy will focus on growing and enhancing the competitiveness of the UK financial services sector. A call for evidence has already been published to inform the development of this strategy.
- **Sustainable Finance:** The Speech outlined the UK Government's desire to build the foundations of a "world-leading" sustainable finance framework, including the publication of a consultation paper on a potential UK Green Taxonomy, streamlined sustainability disclosures for economically significant companies, and a consultation response and draft legislation on the regulatory regime for ESG ratings providers. Please refer to our dedicated article on this topic here.
- **International Co-Operation:** The Speech emphasised the UK Government's commitment to international co-operation, including working closely with the USA, "resetting" the relationship with the EU, and engaging with "significant and fast-growing economies" such as India, China and the Gulf states.
- **Pension Reform:** The UK Government published an interim report on the Pensions Investment Review, which puts forward proposals to deliver a consolidation of the Local Government Pension Scheme assets and defined contribution schemes, akin

to Canadian or Australian pension "megafunds".

Reform

Alongside economic stability and higher levels of investment, the Speech states the UK Government's intention to deliver reforms to support growth, including:

- **Regulator Remits:** New remit letters have been issued to the Financial Conduct Authority ("**FCA**"), Prudential Regulation Committee, Financial Policy Committee and Payment Systems Regulator, to ensure a greater focus on growth. The UK Government has also reaffirmed the remit for the Bank of England's Monetary Policy Committee ("**MPC**"), confirming that the MPC will continue to target 2 per cent Consumer Prices Index inflation and resilient economic growth.
- **Senior Managers & Certification Regime ("SMCR"):** HM Treasury, the FCA and the Prudential Regulation Authority ("**PRA**") will "shortly" publish the outcomes of their review of the SMCR, including a commitment to consult on abolishing the Certification Regime that applies to staff below the senior management level, so that it can be replaced with a more "proportionate" approach.
- **Wholesale Markets:** The next steps in the reform of UK wholesale markets regulation has been announced, seeking to deliver a streamlined regulatory regime. Reforms will be made via changes to the UK's post-Brexit "onshored" version of the Markets in Financial Instruments Directive ("**MiFID**"). HM Treasury has committed to:
  - making updates to ensure that the FCA has the capability to oversee off-exchange commodity derivative trading (following the events in the Nickel market in March 2022); and
  - commencing the revocation of the detailed requirements in legislation that govern the organisation and operation of investment firms, as well as those relating to transaction reporting (and shifting them into the FCA Handbook).
- **Financial Advice:** Progressing the Advice Guidance Boundary Review, with the aim to help households make well-informed choices about their finances. This will begin with an FCA consultation paper on pensions by the end of 2024.
- **Payments:** Publishing a National Payments Vision, which sets out the UK Government's ambitions for the UK's payments sector.
- **Financial Ombudsman Service:** Announcing a package of measures that will modernise the rules underpinning the Financial Ombudsman Service (which settles complaints between consumers and businesses).

- **PISCES:**Publishing its response to the consultation on the Private Intermittent Securities and Capital Exchange System ("**PISCES**"), a new bespoke market for private company shares, with the intention to lay legislation establishing the PISCES regime by May 2025.
- **Digital Gilts:** Announcing that the UK Government will launch a pilot to deliver a Digital Gilt Instrument.

Next Steps

The measures discussed in the Speech are at varying stages of their development. Market participants should monitor how these proposals are progressed by the UK Government.

For further information, please reach out to the Proskauer UK Regulatory team.

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