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Dear Constituent,

Thank you for contacting me about the Financial Services and Markets Bill. This Bill makes important updates to the UK's financial services regulations.

While the UK was in the EU, a large portion of the UK's financial services regulations were made by the EU and were not tailored to the UK's needs. Now that the UK has left the EU, we can design our own regulations to fit our needs, which is what this Bill aims to do.

This specific issue concerns what are known as the 'MiFID II' reforms. The UK played a significant role in designing the MiFID II framework, and the Government believes that the resilience and effectiveness of the UK's capital markets has been significantly strengthened by the post-crisis reforms that it implemented.

When we left the EU, the MiFID II rules, which had been designed as a 'one size fits all' set of regulations, were copied wholesale into UK law. By and large, MiFID II regulations are working well as they are. However, in some areas, it has not delivered its intended benefits, has led to duplication and excessive administrative burdens for firms, or has stifled innovation. This Bill allows us to tailor our rules.

Regarding the end of 'pre-trade transparency', the Financial Conduct Authority (FCA) will be required to monitor UK markets in order to continue its research into the effects of the change.

It is true that the Bill transfers responsibility for setting position limits from the FCA to trading venues themselves. However, the FCA will still have power to develop a framework to outline how trading venues should apply position limits and position management controls.

I will be sure to continue engaging with colleagues on this important issue.

Thank you again for taking the time to contact me.

Yours faithfully,

CHRIS HEATON-HARRIS MP
MEMBER OF PARLIAMENT FOR DAVENTRY

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