UK Finance

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FCA and Bank of England Digital Securities Sandbox Consultation

UK Finance response

May | 2024

Submitted via email to DSSCPResponses@bankofengland.co.uk and cp24-5@fca.org.uk

Dear Bank of England and Financial Conduct Authority,

We enclose the collective responses of the member firms of UK Finance to the consultation by the Bank of England's ("the Bank") and the Financial Conduct Authority's ("FCA") (together, the "Regulators") joint Consultation Paper ("CP") on the Digital Securities Sandbox ("DSS").[1]

This response, produced with advisory support from Simmons and Simmons, includes our feedback from a recent roundtable that the Regulators hosted to present the latest draft plans for the DSS and to answer a series of pre-prepared questions from UK Finance's members.

We welcome the opportunity to respond to the joint CP of the FCA and the Bank on the upcoming DSS. The DSS will be the first financial market infrastructure sandbox delivered under the powers granted as part of the Financial Services and Markets Act 2023. In particular, UK Finance is grateful for the opportunity to respond to the specific questions posed in the recent CP and thanks the Regulators for their thoughtful engagement with industry participants to date. We are highly supportive of the DSS and are enthused by its potential.

The key points that we have identified when preparing this response are as follows:

(A) We welcome the DSS and the Regulators' commitment to innovation in this regard. It is clear from the CP that the Regulators have carefully considered some of the outstanding queries that have been raised, and it was encouraging to see the synergy between their own thoughts and the questions that remain outstanding in the minds of our participant members. Certainly, this can only be a good sign, and we encourage continued dialogue between the two bodies.

(B) That there was a strong intention by the Regulators, reflective of UK Finance's own ambitions, for the DSS to be seen as market-leading and emblematic of the UK's leading position in the global financial markets. Indeed, the fact that the government had granted the Regulators the requisite powers to create such a sandbox, and the depth of engagement from UK Finance's participant members, shows the broad interest in the DSS.

(C) There are, nevertheless, some elements in the Sandbox where additional flexibility is needed. First, to ensure that the DSS is commercially attractive to potential participants, UK Finance suggests the regulators might consider higher and more flexible capacity limits for Digital Securities Depository/hybrid FMIs, based on the risks that individual platforms could pose given their participants. Secondly, the ability to use on-chain digital money for settlement will be key for DSDs/hybrid entities and other DSS participants. The Bank's omnibus account and synchronisation of the Real-Time Gross Settlement infrastructure with DLT platforms are two options at different stages of rollout that the DSS participants would want to be able to leverage.

(D) Though there is alignment that there is a need and utility for end-to-end digital wholesale infrastructure for the UK market, and a joint desire to experiment with the tokenisation of a market in a live environment, there are still ongoing concerns on the form that this will take. While the Regulators continue to finalise their plans and work their way through any outstanding issues, there remain queries on the particularities of the shape of the Sandbox, and particularly the form of the proposed "glidepath" approach to working towards potential new legislation at the end. Ideally, the Regulators should prioritise implementing any lessons

[1] **Digital Securities Sandbox joint Bank of England and FCA consultation paper | Bank of England**

from the DSS as quickly as possible into a permanent framework, so that platforms can operate safely, and with certainty, without restrictions.

(E) Furthermore, there is a growing sentiment that the DSS may not be taking advantage of the international interest in such a sandbox. There is great opportunity at this juncture for the UK government to continue to foster discussion and collaboration around supranational standards for securities tokenisation. Currently, participation is limited to UK participants and sterling denominated instruments. Given that the Regulators want the DSS to be symbolic of a global leading financial market, several UK Finance members find this restriction unnecessary and counterproductive, as it would limit the ability of UK-based issuers to use UK-based entities to issue non-sterling denominated instruments.

(F) Though the Regulators desire to balance innovation and risk is understandable, there is general sentiment that the Sandbox may currently be slightly too limited in scope, largely through the fixed (aggregate) limits, to truly appeal to the industry players whose participation would produce the most useful feedback.

(G) As advocated in our previous work[2], we request that HMT (via the Debt Management Office) supports the DSS by issuing a digital gilt. This would raise the profile of the DSS, demonstrate HMT's confidence in the technology involved, and encourage wider adoption and experimentation. A first step in this direction would be a public statement made by the UK government stating that it wishes the UK to lead the world in regulating digital tokenisation and, to support that aim and catch up with other jurisdictions, signal an intent to issue a digital gilt.

Moreover, as outlined in our Unlocking the Power of Securities Tokenisation report, innovation in industry is underpinned by greater legal and regulatory certainty. We commend the vehicle the Digital Securities Sandbox will provide for greater regulatory certainty. To advance greater legal certainty, we call on government to pass the areas of statutory reform recommended by the Law Commission in its 2023 Digital Assets report, namely that (i) legislation confirm the existing common law position that digital assets are capable of attracting personal property rights, and that (ii) statute clarify the digital securities models that already fall within scope of existing collateral regulations.

Finally, UK Finance strongly commends and supports the proposal to form an industry committee to consider jointly the experience and desired outcomes of participating in the DSS and provide cross-industry recommendations. UK Finance agrees that the body should include entities directly participating in the DSS, law firms, academics, the regulators and HMT (and potentially other government departments). More widely, it is important that key communities within the financial services industry are represented, such as wholesale and investment banks, investors and financial markets infrastructure. UK Finance stands ready to assist with convening this cross-industry body.

UK Finance remains available to discuss any element of this response further and looks forward to working with the FCA and the Bank as the DSS progresses. If you have any questions on our submission, please do not hesitate to get in touch.

Kind regards,

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Yvonne Deane Harte – Principal, Capital Markets and Wholesale

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[2] See our report "Unlocking the Power of Securities Tokenisation", available at: www.ukfinance.org.uk/policy-and-guidance/reports-and-publications/unlocking-power-securities-tokenisation

Responses to Questions

1. Do you have any comments on the draft Guidance on the Operation of the Digital Securities Sandbox (Annex A)?

UK Finance welcomes the opportunity to address the questions raised for consultation and believe the continuation of the discussion started in 2023 with the previous consultation is positive for the industry. Our members are keen to ensure that the DSS is an attractive and useful proposition. In that regard, it is worth keeping in mind some of the key industry concerns that ESMA has raised[3] in connection with low take-up of the EU's DLT pilot regime, namely:

- Availability of on-chain cash settlement
- Broader scope of eligible instruments, and more flexible capacity limits / thresholds
- A clear horizon for a permanent framework for DSS participants

With regard to the draft Guidance proposed in the consultation, we have set out some overarching comments as follows:

1.1 Go Live Limits

We have a general concern that the inflexibility and excessively low calibration of the Stage 3 (Go Live) limits per DSD/hybrid entity, coupled with the proposed fixed review points for a DSD/hybrid entity to apply to proceed through Gate 3 to Stage 4 (Scaling) (at T+15-18 months and T+30-40 months) will disincentive participation in the DSS and thus inhibit the UK's competitiveness in DLT-based capital markets.

Although the scale and nature of potential DSS issuances are yet unknown, in line with current market trends, UK Finance members consider that it is possible that a single large issuance could use up most or all of the proposed per firm Stage 3 (Go live) limits, and thus prevent the relevant DSD/hybrid entity as well as any further Sandbox entrants from having the opportunity to attract additional issuers and innovate further, until the next fixed Gate 3 review point becomes available (potentially up to 18 months later).

As a result, we encourage the Bank to adopt a more flexible approach to setting limits for DSDs/hybrid entities by both: (a) applying Go live (Stage 3) limits on a firm-by-firm basis (rather than applying the same limit for certain asset classes to every platform), and (b) allowing DSDs/hybrid entities to progress to Scaling (Stage 4) on a continuous, case-by-case, basis (rather than, as proposed, at only one of two fixed review points). Both any limits and restrictions on a firm's ability to apply to increase limits should be tailored to the specified risks posed by a given platform or proposition.

UK Finance is not suggesting that there should be *no* limits within these "go live limits", but rather that that the Bank should approach any such limits in a flexible and dynamic manner on a firm-by-firm basis, taking all actors participating in the relevant platform into account.

UK Finance would welcome further discussions with the Bank to explore alternatives for calibrating firm-specific limits, as inflexible limits could detract from the success of the Sandbox.

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[3] ESMA's Letter re DLT Pilot Regime Implementation (April 2024)

Firstly, we understand that a rationale for setting such limits is financial stability. But given that this is new, immature technology and that it is expected that many of the participants will be small, innovative companies, we encourage the Bank to consider both the entrants and participants in the platform, and look at other ways in which the Bank can address financial stability concerns. In particular, UK Finance suggests that the Bank might:

- Impose additional requirements on authorised Regulation 3(4) users of a platform in the Sandbox, for instance through Pillar 2 capital add-ons (if appropriate). We note that these entities are already likely equipped to manage their exposure to such ecosystems, so they can update their risk appetite to match their exposure as appropriate. Such entities are likely using multiple platforms and have the capacity to distribute assets and manage risk appropriately across their exposure. Approaching risk management in this way feels both more commercial, and potentially allows for a more dynamic evolution within the platform. The Bank might publish guidance on this topic, placing Pillar 2 risk management within the domain of the participants themselves; and/or

- Alternatively, focus on how the applicant achieves settlement finality and whether the applicant is likely to achieve designation under the Settlement Finality Regulations.

Second, we note from our discussions with the Regulators that care would be taken to ensure that an early Sandbox entrant would not be able to use a large proportion of the limit so that later entrants would still have scope to issue their own digital securities. We expect that the idea is to create a level playing field, but it might impact on the success of the Sandbox and its reputation: in particular, were such an early entrant to fail, the limit is likely to be unnecessarily reduced for firms that could be successful later.

Conversely, if there were a successful early participant who is looking to scale-up, there would appear to be a lengthy period to wait until the next opportunity to scale is available (potentially up to 18 months). Current drafting suggests there would only be two further points to apply and scale-up prior to Stage 4. Greater flexibility could help to navigate this potential problem.

Finally, the go live limits presented are the same for all participants in the Sandbox, irrespective of the risks associated with their platform. Given the broad range of firms that are intended to take part in the Sandbox, we would strongly encourage the Bank to apply any Go Live (Stage 3) limits on a case-by-case basis.

We note that the consultation paper includes aggregate and firm-level limits for certain types of asset classes – e.g. for corporate bonds, the firm-level limit is stated to be £900m. However, no limits are stated in relation to money market funds or other types of funds – instead, the consultation paper states that the Bank will consider appropriate limits when firms approach it with their proposed activity. We also see the Bank will consult firms and carry out further work on assessing whether and what aggregate limits are appropriate in relation to fund tokenisation activity.

We would be interested in speaking to the Bank further about either type of limit, but would request that clear aggregate limits are identified and made public at an early stage. If they are not, this may disincentivise firms that are considering an application in this area (as it suggests aggregate limits could be imposed at a later stage, potentially at a prohibitively low level).

As a broader point, the imposition of aggregate limits has proven to be a point of contention for potential DSS entrants generally, not least because the notion of aggregate limits means the DSS' capacity will depend on the number of entrants that are accepted (which is largely outside of the control of any individual DSS entrant). We would encourage the Bank to consider whether the limits can be made more flexible, or dispensed with entirely, with any financial stability concerns being addressed through other means.

1.2 Perceived lack of flexibility

The calibration of the go live limits is one aspect of the proposed design of the DSS suggesting that it is not as flexible as it could be. Members suggested that the Regulators' ability to publish ongoing guidance throughout the life of the DSS should be used as a tool to calibrate appropriate levels of control on a case-by-case, and ongoing basis. Sandbox Approval Notices (SANs) will not all be the same and the risk profile for each should be considered individually. This approach could also serve to mitigate cliff-edge issues.

Concern has also been raised that the DSS is being limited to issuances and settlement of securities denominated in pounds sterling only. There are no specific limitations in the SI. Members note that many UK-based issuers would wish to raise capital in other currencies beside sterling.

It was suggested in discussion with the Regulators that one reason for this was to avoid risk of regulatory arbitrage with firms coming to the UK to take advantage of the amendment or suspension of rules under the DSS. We would suggest that the UK being competitive and attracting such firms should be encouraged rather than avoided.

1.3 Regulation 3(4) users not adequately considered.

There is little consideration in either the Guidance or the Consultation of those persons described under Regulation 3(4) of the DSS Regulations, namely those persons who use the services provided by the Sandbox entrant. Further clarity and guidance around how any rules or legislation may be amended for such participants would be greatly welcomed.

1.4 Settlement Assets

While the guidance notes that settlement in commercial money would be allowed from day one of the DSS, it will be key to offer on-chain cash settlement options over the duration of the DSS to leverage the benefit of instantaneous settlement. Several live Bank initiatives – including the provision of omnibus accounts and synchronisation as part of Real-Time Gross Settlement (RTGS) Renewal – would enable firms to leverage on-chain settlement using central bank money.

We appreciate that the Bank notes that some of the relevant upgrades to the RTGS infrastructure are being considered, but have not yet been finalised; however, given that on-chain digital money options are at various stages of operation in the UK, it would be a missed opportunity not to seek to leverage them for settlement of DLT securities transactions within the Sandbox (especially considering this is by definition subject to guardrails).

In addition, this runs the risk of placing firms without a deposit taking licenses at a significant competitive disadvantage, given the success of a digital FMI will, to a large extent, dependent on its use of on-chain settlement mechanisms. We also see the restriction on stablecoins as out-of-step with the objectives of the DSS, which is to encourage innovation in the financial markets. We advocate greater flexibility and the ability to test and scale stablecoin solutions within the DSS, subject to appropriate regulatory oversight.

1.5 Permissionless systems and the PFMIs

The consultation paper indicates that DSS entrants may use different technological approaches in their FMI designs, including using permissionless blockchains. We are encouraged that the Bank has stated that it is open to the use of permissionless blockchains – we also note that the PFMIs continue to be referenced as a key touchstone for assessing their safety and stability. In that context, we would be grateful for further guidance on what sorts of risks concern the Bank in relation to permissionless systems, and the legal or operational mitigants it might expect to see (if any) in relation to those risks.

If permissionless systems are to be allowed in the DSS – and we think they should be, given the potential significant benefits they can offer – then we request that the FCA and Bank take a holistic view of which rules currently impede their use, with a view to relaxing them for the purposes of the DSS where possible. For example, we understand that the Basel rules for the prudential treatment of cryptoasset exposures may not permit digital assets recorded on permissionless blockchains to be included in 'Group 1' for prudential capital purposes. If so, those digital assets would be categorised as 'Group 2' digital assets, meaning participants dealing in those digital assets (including through the DSS) would be subject to punitive capital requirements. That treatment could disincentivise the attractiveness and commercial viability of the proposed DSS FMI and stifle innovation.

For these reasons, we believe digital assets traded through permissionless digital FMI should be treated as Group 1 digital assets, at least for the duration of the DSS. We understand the consultation paper refers to prudential treatment issues being considered by the PRA separately to the DSS, but believe they will need to be considered in order for permissionless systems to be able to compete on a level playing field to permissioned implementations.

1.6 Retail participation

From HM Treasury's prior consultation response, we understood the Government would not rule out retail participation, but would not be proposing amendments to facilitate retail participation expressly (e.g., by disapplying or modifying Articles 53(3) and 19(2) of MiFID II (for MTFs) and Articles 2(1)(19) of CSDR and Article 2(f) of SFD (for DSDs)). We have not identified further statements in the consultation paper as regards whether retail participation will be permitted for DSS participants – we would appreciate further clarity on this point.

1.7 As a general point, success of the DSS will depend in a large part on the coordination between the Regulators, and particular initiatives which are incidental to the Sandbox. Specifically, the industry needs:

- Clarity around the scope and timing of introducing a digital payments leg,
- Confirmation around capital requirements for institutions with exposures to digital assets; and
- Confirmation that the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 ("MLRs") will be amended to bring digital securities out of scope of the registration requirement.

2. Does the approach mitigate cliff-edge risks for sandbox entrants graduating out of the DSS?

2.1 In principle, we welcome the proposed approach to mitigate cliff-edge risks. There are nevertheless a number of factors to be considered. In particular, the timing of any permanent changes that are brought in following the conclusion of the DSS will need to be coordinated to avoid undue delays or cliff-edge risks. The current drafting does not consider the ultimate end-state of the legislation post-Sandbox, and so it is difficult to anticipate what cliff-edge risks might be created and how these could be mitigated.

2.2 Greater clarity as to how the Regulators propose to deal with Variations of Permission for Sandbox entrants at the end of the DSS if needed would be welcome.

3. Do you have any comments on the effectiveness of the glidepath approach described above?

3.1 While members are generally supportive of the concept of the glidepath to ensure phased and gradual movement to an end state, there are concerns with some of the barriers this

introduces, and potential inflexibility that it may cause. As noted above, the fixed schedule for reviewing and readjusting the go live limits may be impractical if those thresholds are reached early in the process, leaving Sandbox entrants waiting for the next stage in order to scale-up so that Sandbox entrants who supported successful issuances are not able to expand until the next period begins.

3.2 Although the FCA and the Bank have until 2028 to submit a proposal to HMT for the end-state legislation, our members feel it would be beneficial for the Regulators not to wait until the deadline, and instead consult on any proposals, and introduce any resulting changes, as soon as possible and on an ongoing basis during the lifetime of the DSS.

4. Are there any known regulatory barriers and/or risks to/from the technology or business models not covered in the end-state rules that the Bank should consider at the outset?

4.1 As a general point, our members are pleased that the Regulators are consulting on the end-state rules. The Regulators may, for example, wish to culminate the research into a digital gilt with a catalysing issuance in the DSS. In this welcome circumstance, it will likely be desirable to suspend the requirement for a “Registrar of Government Stock” in the Government Stock Regulations 2004 as a means of enabling a distributed system to reduce complexity and cost.4 Moreover, Regulatory clarity around custody arrangements for tokenised securities, taking a proportionate technology-neutral principles-based approach, will be welcomed by industry. For example, Article 7 (Measures to address settlement fails) in UK CSDR will likely need to be disapplied or modified in order for DSDs to operate within the DSS. As all these precise modifications required will be difficult to predict before the DSS commences, it is very difficult to provide feedback on the end-state rules. Generally, we are of the view that the Regulators should take a flexible and risk-based approach to regulating DSDs

4.2 Although members found it helpful to see the comparison table between the Gate 2 rules versus end-state rules, as laid out in Appendix C, we note that it would be helpful to see this comparison in a different format. That is to say, in addition to moving through the rules on a line-by-line basis, it would also be helpful to see a full list of incompatible items – noting whether each incompatibility is resolved via replacement or modification of the rule, along with a full list of potential prohibitions.

4.3 Members also note that there have been discussions about having separate sets of rules for "systemic" Digital Securities Depositories and “non-systemic” Digital Securities Depositories and welcome the idea of having different sets of rules for participants with different levels of risk. This is contextualised with the fact that “systemic” DSDs would already likely be subject to stricter rule sets under a different regulatory regime. That being said, beyond the conceptual expression of this idea, we would like more clarity as to what the different rules that might apply to “non-systemic” DSDs would be. We note that if the plan is to have different rule sets at the end-state rules, the pathway through these deviations should be considered from the outset.

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[4] We would also recommend that HMT and the FCA take further actions beyond the issuance of a digital gilt (including public statements) that encourage experimentation with digital securities and further participation in the DSS.

5. **Under Part 4 of the Schedule to the regulations, the Regulators have the power to amend Companies Act section 770 provisions on the transfer of certificated securities. As far as we can see, this has not been addressed in the Consultation Paper. Is the plan to address it on a case by case basis? Is the full set of rules set out in Appendix B consistent with the objectives and design principles of the DSS?**

5.1 Members note and appreciate the powers that the FCA and the Bank have granted themselves to modify and amend the rules of the DSS.

5.2 However, we would like to reiterate that we believe that the most effective use of these powers would be in collaboration with participants, actively calibrating the parameters of the DSS alongside engagement with the participants, rather than as a reactive tool to try and deal with any issues. Accordingly, UK Finance strongly supports the proposal to form an industry committee to consider jointly the experience and desired outcomes of participating in the DSS and provide cross-industry recommendations. UK Finance agrees that the body should include entities directly participating in the DSS, law firms, academics, the regulators and HMT (and potentially other government departments). More widely, it is important that key communities within the financial services industry are represented, such as wholesale and investment banks, investors and financial markets infrastructure. UK Finance stands ready to assist with convening this cross-industry body.

6. **Do you have any feedback on the Bank's approach to creating the Gate 2 rules or the Gate 2 rules themselves?**

6.1 In general, members didn't note any particular concerns with the current drafting of the Gate 2 rules.

6.2 However, it was noted that the DSS does not require participants to be subject to a designation order under the Settlement Finality Regulations. We would suggest that this point is reconsidered.

7. **Are there any specific features of technology and/or business models that would be incompatible with the proposed Gate 2 rules?**

7.1 Members did not note any particular concerns at the current time.

7.2 However, we raise the point that this is a difficult question in the abstract. We recommend that the FCA and the Bank revisit this issue in due course, once participants have actually had a chance to engage with the DSS and have particular experiences and use cases within it.

8. **Are there any requirements in the proposed Bank's DSS rules which would conflict with the frameworks that govern a firm which is also regulated by the FCA and/or the PRA?**

Members did not note any particular concerns at the current time.

9. **Do you agree with the proposed approach to managing potential interactions between Bank, FCA and PRA requirements?**

In general, we agree with the proposed approach to managing interactions between the Bank, the FCA and the PRA. However, as noted in Question One, the success of the DSS depends very much on the success of a number of initiatives by the Regulators, and clarity on timing and developments of those initiatives would be well received by the industry.

10. Do you agree with the Bank's proposed capital requirements for DSDs, both at Gate 2 and end state?

10.1 Members welcomed the fact that there won't be the double-counting of capital against these requirements, if the participant is already subject to another regulator.

10.2 On that note, we continue to echo the opinion that these capital requirements should be tailored for the variety of participants that the FCA and the Bank expect to participate in the DSS. Furthermore, that this tailoring should be done in a way that doesn't over-complicate the process. Members are of the general view that making an application for participation in the DSS should be as simple as possible to ensure that there is sufficient interest in the Sandbox.

10.3 UK Finance notes the Bank's intention (at the bottom of page 29) to widen the capital rule at Rule 47 so as to apply to all activities within the Sandbox. UK Finance agrees that the capital requirements should not be confined to DSD activities but should take into account also the operation of a trading venue and would welcome such a widening of Rule 47.

11. Do you agree with the proposed approach to capital requirements where firms are also subject to other prudential regimes?

11.1 Members note and appreciate that this is being addressed within a particular section in the paper. We reiterate the sentiment above that the FCA and the Bank should continue to tailor the capital requirements in a way that reflects the relative level of risk for the participant. For example, in this case, banks that participate will already be subject to far stricter capital requirements. Thus, one way to streamline their application process would be to have them produce evidence of such prudential status, rather than having to demonstrate the stated capital requirements. An overarching point on this theme is that there must be a level playing field for participants in the DSS.

11.2 On a related note, we would like to see that the FCA and the Bank continue to consider the above, and questions around the payment leg, as stand-alone points.

11.3 We also welcome the note that the PRA is planning to implement the Basel Committee on Banking Supervision standards, as a separate point to this paper.

11.4 Members were extremely clear that if the capital requirements required for issuing a digital security is different to issuing securities outside of the Sandbox, there will be no issuing of digital securities. This is a fundamental point that the Regulators need to consider for the success of the DSS.

12. Do respondents have views on how the proposed regime balances the need to protect financial stability while allowing enough activity in the DSS to facilitate innovation?

12.1 We assume that the limits stated in the Consultation only apply to issuances within the Sandbox, however Members would welcome written confirmation on this point.

12.2 As a general point, our Members are of the view that the limits should not be explicit and rigid, but be used by the Bank to guide it on imposing different limits in different circumstances, calibrated to the risk specific to an issuance and issuer at any given time.

12.3 Within that context, our members encourage the FCA and Bank to not just consider the initial limits, but the final limits as well. These, more than anything else, will dictate the use case for participation in the DSS.

13. **Do you agree with the Bank's proposed fee regime for the DSS?**

Our members did not raise any particular concerns with the fees proposed in the Consultation, with it being recognised that they are an unavoidable part of ensuring such a potentially impactful and important new regime is able to get off the ground. Key would be to ensure that they are calibrated in such a way as to ensure that the Regulators have adequate resources to support the DSS.

About UK Finance

Representing 300 firms, we're a centre of trust, expertise and collaboration at the heart of financial services. Championing a thriving sector and building a better society.

The financial services industry plays a vital and often underappreciated role enabling individuals, families and communities to achieve their ambitions in a safe and sustainable way – through home ownership, starting a new business or saving for retirement. The sector is fundamental to people's lives, and we are proud to promote the work it is doing to support customers and businesses up and down the country.

Whether it's through innovating for the future, driving economic growth, helping struggling customers amid increases in the cost of living, fighting economic crime or working to finance the net zero transition – the industry is having an overwhelmingly positive effect on the lives of people across the UK and improving the society we live in.

UK Finance is the collective voice for the banking and finance industry. Representing 300 firms, we're a centre of trust, expertise and collaboration at the heart of financial services. Championing a thriving sector and building a better society. For more information about UK Finance, visit www.ukfinance.org.uk.

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About Simmons & Simmons

Simmons & Simmons LLP assisted UK Finance in preparing this response.

Simmons & Simmons is a leading international law firm that combines its experience in digital assets, capital markets and financial regulation to deliver effective solutions for its clients. Contact Rosali Pretorius, George Morris, Oliver Ward and Gordon Ritchie or visit www.simmons-simmons.com for further information.

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