

C L I F F O R D
C H A N C E

UK EDINBURGH REFORMS SIX MONTHS ON
MAPPING AND TIMING OF THE REFORMS
JUNE 2023

CONTENTS



- 1 UK Edinburgh reforms six months on
- 2 Edinburgh reforms relating to “core” EU financial services files
- 3 Edinburgh reforms: cross-cutting and other proposals
- 4 Timing of the reforms
- 5 More information
- 6 Contacts

UK EDINBURGH REFORMS SIX MONTHS ON



Edinburgh reforms package	<ul style="list-style-type: none">• On 9 December 2022, the UK Government announced a package of over 30 proposals for financial services regulatory reform including:<ul style="list-style-type: none">– some proposals directly relating to the “core” EU financial services files in scope of its implementation programme under the Financial Services and Markets Bill and– cross-cutting and other proposals to reform the UK financial system of financial regulation.• These build on the Government’s plans to create a ‘smarter regulatory framework’ for the financial sector.
Financial Services and Markets Bill	<ul style="list-style-type: none">• The Bill was introduced in July 2022 and is in its final stages in Parliament.• The Bill provides for the review, repeal, reform and replacement of EU-derived financial services legislation .• HM Treasury has identified 43 "core" files in scope of its implementation programme for the Bill: work has started on four files (Tranche 1) and ten other files have been identified as the next priority (Tranche 2).• HM Treasury expects to make significant progress on both Tranche 1 and Tranche 2 by end 2023 (and will review and assess the prioritisation of the remaining files in due course).
Progress on the reform package	<ul style="list-style-type: none">• Six months on, HM Treasury and the UK regulators have published over 20 new policy statements, consultations, discussion papers and calls for evidence on the proposals in the Edinburgh reforms package.• However, the planned repeal and replacement of EU-derived legislation will only move forward after the Financial Services and Markets Bill receives Royal Assent.• The following tables highlight developments in the last six months, mapped to the list of “core” files, and show the expected timing of the reforms.

For other planned changes to the UK regulatory system, see the UK authorities’ [Regulatory initiatives grid](#) (February 2023).

EDINBURGH REFORMS

RELATING TO “CORE” EU FINANCIAL SERVICES FILES



Tranche 1 file

Tranche 2 file

Development after 9 December 2022

Category	Name	Related Edinburgh reforms
Market regulation	Markets in Financial Instruments Directive and Regulation (MiFiD/R)	<ul style="list-style-type: none"> • Delivering on Wholesale Markets Review (FSM Bill). • Markets in Financial Instruments (Investor Reporting) (Amendment) Regulations 2022. • Introduce consolidated tape (by 2024). • Work on new class of trading venue (intermittent trading). • Work on boundary between regulated and other advice (with FCA). • FSMA 2000 (Commodity Derivatives and Emission Allowances) Order 2023 (May 2023). • Investment research review and call for evidence (April 2023). • FCA policy statement on secondary markets (May 2023).
	Packaged Retailed Investment and Insurance-based Products Regulation (PRIIPS)	<ul style="list-style-type: none"> • HMT consultation on PRIIPs and UK retail disclosure. • FCA discussion paper on the future disclosure framework (December 2022)
	Prospectus Regulation (Prospectus)	<ul style="list-style-type: none"> • Delivering on Lord Hill listing review and Secondary Capital Raising Review.
	Listings Directive (LD)	<ul style="list-style-type: none"> • Illustrative statutory instrument (SI) (policy note) published.

EDINBURGH REFORMS

RELATING TO “CORE” EU FINANCIAL SERVICES FILES (CONTINUED)



Tranche 1 file

Tranche 2 file

Development after 9 December 2022

Category	Name	Related Edinburgh reforms
Market regulation (cont.)	Listings Directive (LD) (cont.)	<ul style="list-style-type: none"> FCA consultation on primary markets and FCA policy statement on secondary markets (May 2023). FCA engagement papers on proposed public offers and admissions to trading regime (May 2023).
	Transparency Directive (TD)	
	Market Abuse Regulation (MAR)	<ul style="list-style-type: none"> HMT/FCA statement on criminal market abuse regime (March 2023).
	Short Selling Regulation (SSR)	<ul style="list-style-type: none"> HMT call for evidence on short selling review published.
	Securitisation Regulation (Sec Reg)	<ul style="list-style-type: none"> Delivering on Securitisation review. Illustrative SI (policy note) published.
	Securities Financing Transactions Regulation (SFTR)	
	Benchmarks Regulation (BMR)	<ul style="list-style-type: none"> ESG Data and Ratings Code of Conduct Working Group.
	Credit Rating Agencies Regulation (CRAR)	
Credit	Consumer Credit Directive (CCD)	<ul style="list-style-type: none"> HMT consultation on reforming the Consumer Credit Act published.
	Mortgage Credit Directive (MCD)	

EDINBURGH REFORMS

RELATING TO “CORE” EU FINANCIAL SERVICES FILES (CONTINUED)



Tranche 1 file

Tranche 2 file

Development after 9 December 2022

Category	Name	Related Edinburgh reforms
Financial Market Infrastructure	Central Securities Depositories Regulation (CSDR)	<ul style="list-style-type: none"> Accelerated settlement taskforce launched. Implementing FSM Bill changes (FMI sandbox planned for 2023).
	European Market Infrastructure Regulation (EMIR)	
	Settlement Finality Directive (SFD)	
Funds	Alternative Investment Funds Managers Directive (AIFMD)	<ul style="list-style-type: none"> FCA discussion paper on asset management regime (February 2023).
	European Long-Term Investment Funds Regulation (ELTIF)	<ul style="list-style-type: none"> Plan to repeal without replacement.
	European Venture Capital Funds Regulation (EuVeCa)	
	European Social Entrepreneurship Funds Regulation (EuSEF)	
	Money Market Funds Regulation (MMFR)	
	Undertakings for the Collective Investment in Transferable Securities Directive (UCITS)	<ul style="list-style-type: none"> See AIFMD.
Green	Sustainable Finance Disclosure Regulation and Taxonomy Regulation (SFDR and Taxonomy)	<ul style="list-style-type: none"> Updated Green Finance Strategy published (March 2023).

EDINBURGH REFORMS

RELATING TO “CORE” EU FINANCIAL SERVICES FILES (CONTINUED)



Tranche 1 file

Tranche 2 file

Development after 9 December 2022

Category	Name	Related Edinburgh reforms
Insurance	Insurance Distribution Directive (IDD)	
	Insurance Mediation Directive (IMD)	
	Insurers (Reorganisation and Winding-up) Directive (IRR)	
	Life Assurance Consolidation Directive (LACD)	
	Motor Insurance Directive (MID)	
	Solvency II Directive (Solvency)	<ul style="list-style-type: none"> Solvency II review: Government plans announced in Autumn Statement 2022.
	Reinsurance Directive (RD)	
Payments	Cross-border Payments in Euros Regulation (CbPEu)	<ul style="list-style-type: none"> See Payment Services Directive.
	E-Money Directive (EMD)	<ul style="list-style-type: none"> See Payment Services Directive.
	Interchange Fee Regulation (IFR)	
	Payments Accounts Directive (PAD)	<ul style="list-style-type: none"> HMT consultation on information requirements in the Payment Account Regulations published.
	Payment Services Directive (PSD)	<ul style="list-style-type: none"> Illustrative SI (policy note) published. HMT consultation and call for evidence on review of Payment Services Regulations published (January 2023)

EDINBURGH REFORMS

RELATING TO “CORE” EU FINANCIAL SERVICES FILES (CONTINUED)



Tranche 1 file

Tranche 2 file

Development after 9 December 2022

Category	Name	Related Edinburgh reforms
Prudential Banking	Capital Requirements Directive and Regulation (CRR/D)	
	Credit Institutions (Reorganisation and Winding Up) Directive (CID)	
Resolution	Bank Recovery and Resolution Directive (BRRD)	
Shares	Shareholder Rights Directive (SRD)	
Misc.	Deposit Guarantee Schemes Directive (DGSD)	
	Distance Marketing of Consumer Financial Services Directive (DMCFS)	
	Financial Collateral Arrangements Directive (FCAD)	
	Financial Conglomerates Directive (DCoD)	

Notes:

See Schedule 1 to the Financial Services and Markets Bill for the full list of legislation that will be revoked under that Bill.

The table includes EU directives (including EU directives that have been repealed or replaced) where UK legislation includes provisions relating to their implementation that is covered by Schedule 1 to the Bill (EU directives do not as such form part of retained EU law).

The list of core files focuses on financial services and does not cover broader EU directives that have required specific implementation for financial services, although the UK legislation implementing those directives is covered by Schedule 1 to the Bill.

EDINBURGH REFORMS

CROSS-CUTTING AND OTHER PROPOSALS



Development after 9 December 2022

Cross-cutting	<ul style="list-style-type: none">• New remit letters for the PRA and FCA published with recommendations on growth and international competitiveness.• Review on reforming the Senior Managers & Certification Regime: FCA/PRA discussion paper and HMT call for evidence published (March 2023).• HMT consultation on regulation of ESG ratings providers (March 2023).
Banking	<ul style="list-style-type: none">• Announcement of amendments to the Building Societies Act 1986 dealing with the funding and corporate framework of building societies.• Legislating in the FSM Bill on a regime for stablecoins used for payment purposes.• HMT consultation on ring-fencing reforms published.• HMT call for evidence on aligning the ring-fencing and resolution regimes published (March 2023).• Bank of England/HMT joint consultation and Bank of England technical working paper on a UK retail central bank digital currency published (February 2023).• PRA consultation on removing rules for the capital deduction of certain non-performing exposures held by banks (March 2023).

EDINBURGH REFORMS

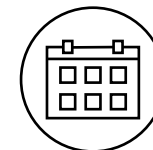
CROSS-CUTTING AND OTHER PROPOSALS (CONTINUED)



Development after 9 December 2022

Asset management	<ul style="list-style-type: none">• Consultation on VAT treatment of fund management published.• Response to consultation on Expanding the Investment Transactions List for the Investment Management Exemption and other fund tax regimes published.• Improvements to the tax rules for Real Estate Investment Trusts published (March 2023).
Pensions	<ul style="list-style-type: none">• Planned consultation on new guidance on Local Government Pension Scheme asset pooling (see Spring Budget 2023).• New regulations to remove well-designed performance fees from the pensions regulatory charge cap (in force 6 April 2023).• Increase in pace of consolidation in defined contribution pension schemes (details expected Autumn 2023).

TIMING OF THE REFORMS

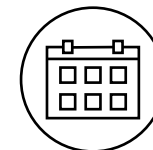


Development after 9 December 2022

Q4 2022	<ul style="list-style-type: none">• Investment Manager (Investment Transactions) (Cryptoassets) Regulations 2022 made (December 2022).
Q1 2023	<ul style="list-style-type: none">• Markets in Financial Instruments (Investor Reporting) (Amendment) Regulations 2022 in force (18 January – some provisions).• Response deadlines for:<ul style="list-style-type: none">– HMT consultation on VAT treatment of fund management (3 February)– HMT consultation on information requirements in the Payment Account Regulations (17 February)– FCA consultation on broadening access to financial advice for mainstream investments (28 February)– HMT consultation on PRIIPs and UK retail disclosure (3 March)– HMT call for evidence on short selling review (4 March)– FCA discussion paper on the future disclosure framework (7 March)– HMT consultation on reforming the Consumer Credit Act (17 March).• HMT revised Green Finance Strategy published (30 March).

TIMING OF THE REFORMS

(CONTINUED)



Development after 9 December 2022

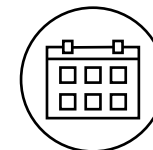
Q2 2023

- [Markets in Financial Instruments \(Investor Reporting\) \(Amendment\) Regulations 2022](#) in force (7 June – remaining provisions).
- Improved [tax rules](#) for Real Estate Investment Trusts (from April 2023).
- [New regulations](#) to remove well-designed performance fees from the pensions regulatory charge cap (in force 6 April 2023)
- [Financial Services and Markets Act 2000 \(Commodity Derivatives and Emission Allowances\) Order 2023](#) made (17 May).
- Response deadlines for:
 - HMT [call for evidence](#) on review of the Payment Services Regulations 2017 (7 April)
 - Investment research review [call for evidence](#) (24 April)
 - HMT [call for evidence](#) on aligning the ring-fencing and resolution regimes (7 May)
 - FCA [discussion paper](#) on the asset management regime (22 May)
 - PRA/FCA [discussion paper](#) and HMT [call for evidence](#) on reform of SM&CR (1 June)
 - PRA/Bank of England consultation on UK retail [central bank digital currency](#) (7 June)
 - PRA consultation on [removing rules for the capital deduction](#) of certain non-performing exposures (14 June)
 - FCA consultation on [equity listing rule reforms](#) (28 June)
 - HMT consultation on regulation of [ESG ratings providers](#) (30 June).
- Investment research review report expected (13 June).
- PRA consultation papers on rule changes to implement Solvency II reforms (expected June and September 2023).

Note: Timings are based on Government statements except * are estimates.

TIMING OF THE REFORMS

(CONTINUED)



Development after 9 December 2022

Q3 2023	<ul style="list-style-type: none"> • Financial Services and Markets Bill receives Royal Assent.* • Amendments to the Building Societies Act 1986 – legislation introduced.* • SIs on public offers, securitisation and payments introduced.* • ELTIF Regulation repealed.* • Publication of Government consultation on near-term ring-fencing reforms (expected mid-2023). • PRA consultation papers on rule changes to implement Solvency II reforms (expected June and September 2023). • Response deadline for FCA engagement papers on public offers and admissions to trading regime (29 September). • FCA to provide details on the scope and timings of the wider review (with HMT) of the boundary between its financial advice and guidance framework.* • Consultation on proposed rules and guidance for supervising the operational resilience of CTPs (expected H2 2023). • Consultation on new guidance on Local Government Pension Scheme asset pooling (was expected early 2023).
Q4 2023	<ul style="list-style-type: none"> • Substantial progress on review, repeal, reform and replacement of all EU-derived legislation covered by Tranche 1 and Tranche 2 files (by end 2023). • Accelerated settlement taskforce publishes initial findings (December 2023).
Q1 2024	<ul style="list-style-type: none"> • Work starts on review, repeal, reform and replacement of EU-derived legislation covered by Tranche 3 files.* • FCA consultation expected on rule proposals for public offers and admissions to trading regime*
Q2 2024	
Q3 2024	

Note: Timings are based on Government statements except * are estimates.
UK EDINBURGH REFORMS SIX MONTHS ON

TIMING OF THE REFORMS

(CONTINUED)

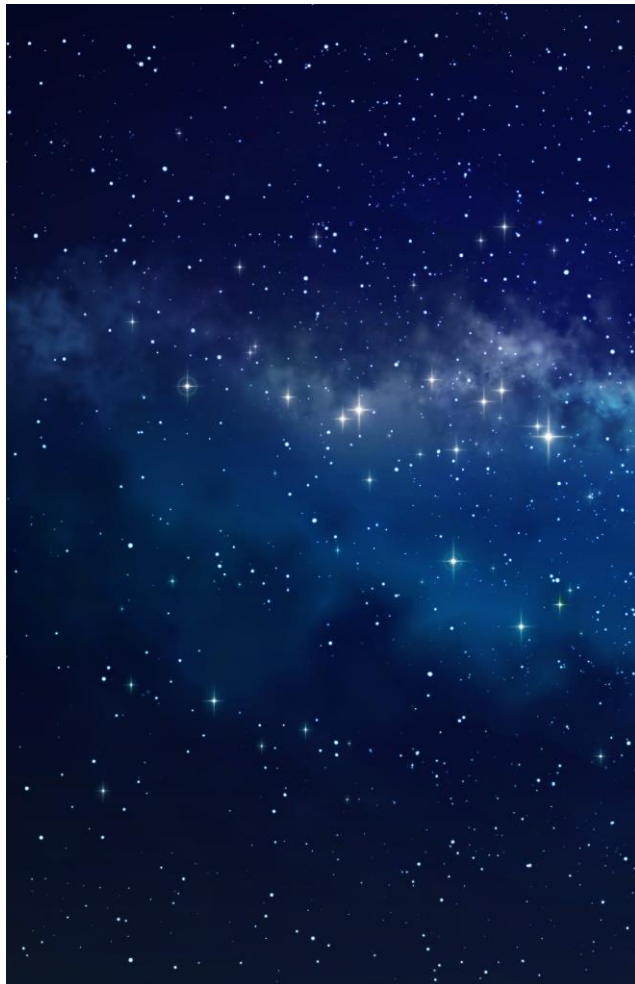


Development after 9 December 2022

Q4 2024	<ul style="list-style-type: none">• Introduction of consolidated tape (by 2024).• Accelerated settlement taskforce publishes final report and recommendations (December 2024).
Q1 2025	<ul style="list-style-type: none">• Financial Services and Markets Act 2000 (Commodity Derivatives and Emission Allowances) Order 2023 in force (1 January).

Note: Timings are based on Government statements except * are estimates.

MORE INFORMATION



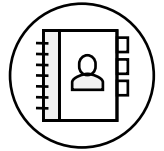
Edinburgh reforms

- HMT policy statement, [Building a smarter financial services framework for the UK](#) (9 December 2022).
- Chancellor of the Exchequer, [Ministerial statement](#) (9 December 2022).
- [HMT, Financial Services: The Edinburgh Reforms](#) (9 December 2022).
- PRA DP4/22, [The PRA's future approach to policy](#) (September 2022).
- FCA [Future Regulatory Framework Review](#) (December 2022).
- HMT, [Financial Services Regulation: Measuring Success – Call for Proposals](#) (May 2023).

Clifford Chance briefings

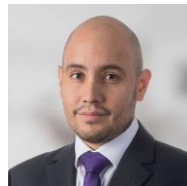
- [UK Edinburgh Reforms – Impact on Financial Services](#) (December 2022).
- [UK Retained EU Law \(Revocation and Reform\) Bill: Impact on financial services](#) (October 2022).
- [UK Financial Services and Markets Bill: enacting the future regulatory framework](#) (July 2022).
- [Topic Guide](#) on UK Financial Services and Markets Bill on the Clifford Chance [Financial Markets Toolkit](#).

CONTACTS



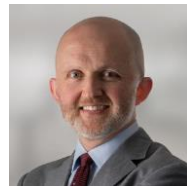
CAROLINE DAWSON
PARTNER
LONDON

T +44 20 7006 4355
E caroline.dawson
@cliffordchance.com



DIEGO BALLON OSSIO
PARTNER
LONDON

T +44 20 7006 3425
E diego.ballonossio
@cliffordchance.com



SIMON CROWN
PARTNER
LONDON

T +44 20 7006 2944
E simon.crown
@cliffordchance.com



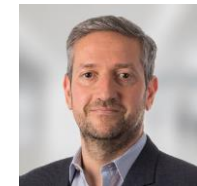
PAUL ELLISON
PARTNER
LONDON

T +44 20 7006 3207
E paul.ellison
@cliffordchance.com



CAROLINE MEINERTZ
PARTNER
LONDON

T +44 20 7006 4253
E caroline.meinertz
@cliffordchance.com



ASHLEY PREBBLE
PARTNER
LONDON

T +44 20 7006 3058
E ashley.prebble
@cliffordchance.com



MONICA SAH
PARTNER
LONDON

T +44 20 7006 1041
E monica.sah
@cliffordchance.com



CHRISTOPHER BATES
SPECIAL COUNSEL
LONDON

T +44 20 7006 1041
E chris.bates
@cliffordchance.com



LAURA DOUGLAS
SENIOR ASSOCIATE
LONDON

T +44 20 7006 1113
E laura.douglas
@cliffordchance.com



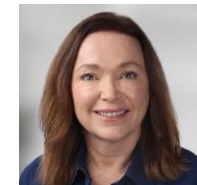
PAUL LENIHAN
SENIOR ASSOCIATE
LONDON

T +44 20 7006 4622
E paul.lenihan
@cliffordchance.com



STEPHANIE PEACOCK
SENIOR ASSOCIATE
LONDON

T +44 20 7006 4387
E stephanie.peacock@
@cliffordchance.com



SARA EVANS
SENIOR ASSOCIATE
KNOWLEDGE LAWYER,
LONDON

T +44 20 7006 2557
E sara.evans
@cliffordchance.com

This document is not intended to be comprehensive or to provide legal advice. For more information, speak to your usual Clifford Chance contact.

WHY CLIFFORD CHANCE

OUR INTERNATIONAL NETWORK

33 OFFICES

22 COUNTRIES

ABU DHABI

CASABLANCA

HOUSTON

MUNICH

RIYADH¹

TOKYO

AMSTERDAM

DELHI

ISTANBUL

NEWCASTLE

ROME

WARSAW

BARCELONA

DUBAI

LONDON

NEW YORK

SÃO PAULO

WASHINGTON, D.C.

BEIJING

DÜSSELDORF

LUXEMBOURG

PARIS

SHANGHAI

BRUSSELS

FRANKFURT

MADRID

PERTH

SINGAPORE

KYIV²

BUCHAREST

HONG KONG

MILAN

PRAGUE

SYDNEY

1. AS&H Clifford Chance, a joint venture entered into by Clifford Chance LLP.

2. Clifford Chance has a best friends relationship with Redcliffe Partners in Ukraine.

C L I F F O R D
C H A N C E

Clifford Chance, 10 Upper Bank Street, London, E14 5JJ

© Clifford Chance 2022

Clifford Chance LLP is a limited liability partnership registered in England and Wales under number OC323571

Registered office: 10 Upper Bank Street, London, E14 5JJ

We use the word 'partner' to refer to a member of Clifford Chance LLP, or an employee or consultant with equivalent standing and qualifications

WWW.CLIFFORDCHANCE.COM