

27 May 2025

Subject: Market Practitioner Panel Priorities for the FCA

The Markets Practitioner Panel (MPP) is looking forward to its continued engagement with the FCA in 2025-26. The MPP believes there is great opportunity for meaningful change that will continue to support growth in the UK economy and its international capital markets.

Significant progress has already been made on the UK capital markets reform agenda and we applaud many of the measures the FCA has undertaken and committed to. We note that your strategy and work programme seek to deepen trust, rebalance the approach to risk, and ensure markets function well through delivery of your strategic priorities. We also appreciate FCA acknowledgement of the importance of maintaining the UK as a global financial markets centre.

We feel that more can be considered by the FCA to satisfy its role as the most important conduct regulator outside the US. We believe there is room to promote your function as an enabler of well-functioning capital markets, further consider competitiveness in your activities and rule making, and promote greater retail market participation. Even after the admirable modernisation of the regulatory regime, there are other points that need to be addressed to keep the UK capital markets fully fit for purpose in a competitive world.

There is a wider discussion to be had around how we join up efforts to promote retail market participation and balanced risk-taking, so some priorities go beyond the FCA's brief. However, we recognise the pivotal role the FCA plays and its strong convening power and believe meaningful reform must be looked at holistically. The MPP has other views on needed reforms to support thriving UK capital markets – such as those related to pensions, taxation, and immigration – but we recognise these are outside the FCA's remit and have not elaborated on them here.

The response that follows represents the MPP's view on priority areas of focus in three of your strategic priorities: "a smarter regulator: more efficient and effective", "supporting growth", and "helping consumers navigate their financial lives". The MPP supports your work in fighting financial crime, even if it is not an explicit focus of this document. Broadly, our priorities encompass the following and more detail is found on the additional pages:

- **Promoting the UK's capital formation**, by focusing on reforms that promote the UK's global competitiveness and enable firms to get to market more quickly (perhaps even considering capital formation and competitiveness actively within rule making, pending agreement with HMT);
- **Striking the right balance with regards to risk** (e.g., with regards to the redress system, financial promotion rules, or regulated activities perimeter), and establishing metrics that would define what success entails; and
- **Using us as a sounding board on potential reforms** (such as securitisation markets, evolution of schemes to support a rebalancing of risks, or developing metrics for such risk rebalance) – we hope and would like to make a contribution going forward.

We would be delighted to expand upon or debate the detail of any of the priorities that follow. We hope you will find this helpful. Your plan of regulatory reform is necessary, ambitious and exciting and we hope these ideas add to it.

Wishing you much success and we look forward to working with you to help revitalise the UK's capital markets, support capital formation and protect investors.

The Members of the MPP

Clare Woodman-Chair

Steven Fine – Deputy Chair

Mark Austin, Sandra Boss, Michael Findlay, Robyn Grew, Richard Haas, Alasdair Haynes, David Livingstone, Hannah Meakin, Cécile Nagel, James Taylor.

MPP response to FCA work programme & strategy

Note: the following MPP views and reactions are mapped to relevant delivery themes in the 2025-26 work programme and the 2025-2030 strategy of the FCA for ease of reference, though we recognise some may touch on multiple themes.

1. FCA strategic priority: “a smarter regulator – more efficient and effective”

FCA delivery theme	MPP response to FCA workplan
“A smarter regulator – more efficient and effective”	1. Promote “capital formation” in rule making We see merit in ensuring the FCA focuses on capital formation as part of the competitiveness objective, ensuring positive contributions to capital formation are considered actively in <i>rule making</i> (would require agreement with HMT), and potentially re-visited as part of the Secondary International Competitiveness and Growth (SICGO) review (e.g. via discussion with this and other FCA Panels).
	2. Further efforts to rebalance risks, and develop new metrics for risk re-balance We believe we could contribute to the FCA’s development of metrics to define successful “rebalancing of risk”. This could help inform what constitutes tolerable failure within a functioning market (noting wrongdoing is never justifiable) and efforts to modernise the redress scheme, for example.
	3. Promote dedicated discussions around wholesale markets As part of your markets responsibilities, consider actively convening discussions with the MPP and external stakeholders including HMT, FRC, DWP and TPR to address necessary reforms even outside the FCA’s remit. The MPP recognises the FCA does not act in isolation and is part of a broader system and legislative framework that contributes to FCA’s own policy objectives. We believe the MPP can support the FCA in such cross-stakeholder settings and offer our support, in particular for maintaining efficient and competitive wholesale markets. (The list below offers some examples of where we might input.)

2. FCA strategic priority: “supporting growth”

FCA delivery theme	MPP response to FCA workplan
“Unlock capital investment and liquidity and support growth in the wider UK economy”	4. Fast track implementation of primary market reforms <ul style="list-style-type: none"> – Build on momentum of existing reforms and consider removing the use of working capital reports and Financial Position and Prospects Procedures (FPPP) reports by sponsors of issuers in the equity market, as well as removing the unconnected analyst regime brought in in 2018. – Beyond these reforms, the FCA should consider working with HMT to shape a small and mid cap market review to identify enablers (e.g. rule waivers depending on size). – In addition, FCA should consider forming a small business capital formation advisory committee, in the model of the Securities and Exchange Commission (SEC), or otherwise include capital formation as part of your priorities for engagement with the existing “Smaller Business Practitioner Panel”.
“Accelerate digital innovation to enhance productivity”	5. Accelerate efforts to align with T+1 settlement transition and European tape <ul style="list-style-type: none"> – Within the work programme’s planned initiatives, it is important to accelerate the delivery of consolidated tape for bonds (post-trade).

FCA delivery theme	MPP response to FCA workplan
	<ul style="list-style-type: none"> – In addition, we would support conducting a review of consolidated tape for equities and implement it pre- and post-trade, pending cost-benefit assessment (noting the FCA is expected to publish a consultation paper on potential design options in 2025). – Critically, delivery should be completed before transition to T+1 settlement (planned for October 2027) and implementation of European tape, in line with recommendations of the Accelerated Settlement Taskforce Technical Group. <p><i>[Note: Michael Findlay does not support the MPP's majority view and does not see the case for a consolidated tape.]</i></p>
"Reduce regulatory burden"	<p>6. Enable "fast track" tokenised fund issuance</p> <p>Create a "fast track" for tokenised fund issuance. This builds on your commitment in the workplan to enable better use of technology, including tokenisation of funds, as part of streamlining regulatory requirements for the asset management sector.</p>
"Certainty and predictability"	<p>7. Replace the Financial Ombudsmen Service (FOS) with an expert adjudication system</p> <p>As part of your efforts to modernise the redress system, consider replacing FOS with an expert adjudication system, similar to the model in the construction industry, with oversight by an upper tribunal with relevant expertise.</p>
"Make it easier for financial services firms to start up and grow, delivering more innovative and productive financial services"	<p>8. Make the authorisation process globally competitive</p> <p>The MPP notes improvements in authorisation speeds made to-date and the service metrics page on the website, as well as commitments in the work programme to digitise and improve the authorisation process. However, we believe more should be done to make this competitive on a global scale.</p>

3. FCA strategic priority: "helping consumers navigate their financial lives"

FCA delivery theme	MPP response to FCA workplan
"Consumer Duty"	<p>9. Steer practical application of Consumer Duty</p> <ul style="list-style-type: none"> – The FCA should consider further iterations of the Consumer Duty to ensure practical implementation is aligned with intended objectives and does not stymie innovation, e.g. narrow its focus on fair actions / disclosures and make clear the limited application to wholesale activities. This said, some MPP members believe FCA should consider a more fundamental change in Consumer Duty as currently framed in the medium-term (potentially within five years). – In doing so, we believe it would be critical for the FCA to ensure that any changes in relevant regulations or its interpretation take effect prospectively, <u>not retrospectively</u>. (The MPP welcomes that retrospective application of Consumer Duty does not apply.)
"Advice Guidance Boundary Review (AGBR)"	<p>10. Accelerate AGBR and supporting actions</p> <p>Accelerate existing reviews of consumer protections and advice to enable consumers to get more advice at a reasonable price. While current efforts (e.g. AGBR) are welcome, timelines should be accelerated for their conclusion, as well as additional actions considered (e.g. a more radical change to RDR so banks can more easily offer (as appropriate) retail investment products to customers across a broader range of wealth levels, or creating a regulatory sandbox for firms offering targeted support/guidance for the first few years of the new regime).</p>

FCA delivery theme	MPP response to FCA workplan
"Pensions"	<p>11. Focus Value for Money Framework on value and growth</p> <p>In your collaboration with DWP and TPR on the Value for Money Framework, ensure guidance maintains focus on value and growth, with appropriate stewardship expectations for asset owners.</p>
<p>Additional considerations for "helping consumers navigate their financial lives"</p>	<p>12. Promote retail market participation</p> <p>The MPP recognizes the importance of increased retail market participation, improving retail savings returns/investing journey and contributing to efficient financial markets. The FCA should explore further policy changes beyond targeted support for retail investing and corporate bond access as outlined in the work programme, such as:</p> <ul style="list-style-type: none"> – Reviewing investment product language guidance: Consider a review of guidance on language that firms must adopt around investment products. The MPP believes that investors should have a thorough understanding of the risk involved, while also feeling empowered to get started.¹ – Revising financial promotional rules: Modify financial promotional rules to avoid unduly stymieing retail investing activity. – Promoting product access and innovation for retail investing: Enable broader retail product access and innovations for retail investing, specifically: <ul style="list-style-type: none"> • Evolve LTAF design to mirror the ELTIF 2.0 evergreen and liquidity structure. • Shift professional vs. retail investor boundary to allow retail access to more professional options (e.g., cryptocurrency exchange-traded products (ETPs)). • Authorise exchange-traded notes (ETNs) on proven digital currencies to give safer retail access to cryptocurrency. • Include cryptocurrency under the MAR, which would allow consumers to access Bitcoin futures in a safe, regulated way. – Enabling clear, safe, and self-directed investing pathways: Conduct a review on how to enable clear, safe, self-directed pathways for investing, with appropriate disclosures. This could include the potential introduction of FCA "kite-marked" products, for example.
<p>Additional considerations for "helping consumers navigate their financial lives" (outside FCA's core remit and requiring coordination with others)</p>	<p>13. Recognise the critical role of complementing reforms such as taxation/ISA reforms</p> <p>The MPP recognises the FCA does not act in isolation and is part of a broader system and legislative framework that contributes to FCA's own policy objectives. We believe the MPP can have a supporting role to the FCA in such cross-stakeholder settings and offer our support. The MPP believes the FCA's work programme and policy objectives towards growth can be catalysed by supporting tax and ISA reforms (which require discussion with HMT and HMRC):</p> <ul style="list-style-type: none"> – Transition from Cash ISA to ISA richer in UK investments: Evaluating options for facilitating a smooth transition from cash ISAs to an ISA richer in UK investment opportunities (incl. LTAFs). – Eliminate stamp duty on shares: The UK has the 2nd highest rate in the OECD. This could be in stages if necessary and focus on retail trades of lower values (e.g., below £1k, £5k, £10k), or at least undertake a full review of stamp duty.

¹ Barclays' research has highlighted that concern of risk is a major reason why many adults avoid investing, with around 43% concerned about losing money.