



HM Treasury, 1 Horse Guards Road, London, SW1A 2HQ



Martin Scheck  
International Capital Market Association  
23 College Hill  
London  
EC4R 2RP

6 AUG 2018

Dear Martin,

Thank you for your letter to the Prime Minister dated 22 June, setting out your concerns around the impact of the UK's exit from the EU on financial markets and stability. I am responding as the Minister responsible for this policy area.

The Government, in conjunction with the UK regulators, continues to engage actively with the financial services sector to ensure we gain a comprehensive understanding of these risks and to ensure appropriate plans are developed and put in place. This will help avoid disruptions to the provision of financial services in all potential scenarios.

I agree that many financial services cliff edge risks cannot be fully mitigated unilaterally. This view aligns with the Financial Policy Committee's statement in its June 2018 Financial Stability Report that, "In some areas, such as derivatives contracts, actions would be needed by both UK and EU authorities to preserve the continuity of existing cross-border contracts". The Government is strongly supportive of the regular engagement between the Bank of England and the European Central Bank on the risks around 30 March 2019. I believe that those risks are best dealt with in a coordinated way with our EU partners, and that there is a shared interest in doing so.

Whatever the outcome of the negotiations, the Government is strongly supportive of continued engagement and cooperation between UK and EU regulators to protect financial stability. Thank you for taking the trouble to make me aware of these concerns.

Yours sincerely,

A handwritten signature in black ink that reads 'John P. Glen' with a stylized flourish below the name.

JOHN GLEN