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## Financial Secretary to the Treasury launches consultation on the implementation of financial regulation reforms announced at Mansion House

Financial Secretary to the Treasury, Mark Hoban MP, today launched the **Government's consultation on the implementation of reforms to financial regulation**.

The document sets out detailed proposals for reform of the financial services sector, first announced by the Chancellor in his Mansion House speech on 16th June 2010.

The Chancellor set out plans to overhaul the system of Financial Regulation giving the Bank of England powers over macro prudential regulation through a newly established Financial Policy Committee (FPC), which will be established on an interim basis from Autumn 2010.

The consultation invites views on this proposal in addition to plans to create:

- 1 A new prudential regulator under the control of the Bank of England headed by a new Deputy Governor (the first of whom will be current Financial Services Authority Chief Executive, Hector Sants), which will be responsible for supervising the safety and soundness of individual financial firms.
- 1 A new Consumer Protection and Markets Authority (CPMA) to act as a single integrated regulator focussed on conduct in financial markets

Financial Secretary to the Treasury, Mark Hoban said

"The Coalition Government is delivering on its commitment to reform the financial system, to avoid repeating the mistakes of the recent financial crisis and to ensure that taxpayers are protected. Today is a crucial milestone in our programme of reform. To take this forward, we would welcome the input of everyone who has an interest, including regulators and the regulated community, to ensure that we get the design right."

### Notes for Editors

1. The consultation seeks views on the detailed composition of the new financial regulatory architecture, including the scope, objectives, powers, and governance arrangements for the new regulatory bodies (the financial policy committee, the prudential regulation authority, and the consumer protection and markets authority), and issues concerning the relationship between them.

2. The Government intends to introduce legislation to create the new regulatory authorities in the current Parliamentary session, and expects passage of primary legislation to be completed in the next two years. The FSA will retain its current responsibilities throughout the transition period, although a new interim Financial Policy Committee will be established in the autumn on a non-statutory basis. The FSA intends to move to separate

conduct and prudential regulation in shadow form in the first quarter of 2011.

3. The Coalition Government's Programme for Government set out the following action on financial regulatory reform:

"We will reform the regulatory system to avoid a repeat of the financial crisis. We will bring forward proposals to give the Bank of England control of macro-prudential regulation and oversight of micro-prudential regulation."

4. In his Mansion House speech on 16 June 2010, the Chancellor of the Exchequer, George Osborne, outlined the Government's plans for reforming the regulatory system, including the creation of an independent Financial Policy Committee at the Bank of England, a new prudential regulator, and a new consumer protection and markets authority:

"At the heart of the crisis was a rapid and unsustainable increase in debt that our macroeconomic and regulatory system utterly failed to identify let alone prevent... The FSA became a narrow regulator, almost entirely focussed on rules based regulation... despite the changes that have been made, I am still not confident that the fundamental problems of culture and regulatory structure have been confronted."

5. The Financial Secretary to the Treasury, Mark Hoban MP, made an oral statement to Parliament on 17 June 2010 outlining further detail of the proposals. Both the Chancellor's speech to Mansion House and the Financial Secretary's statement are available on the Treasury website.

6. The consultation will close on 18 October 2010.

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