



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

Emma Hardy MP  
House of Commons  
London  
SW1A 0AA

2<sup>nd</sup> December 2022

Dear Emma,

Thank you for your contributions during the Committee stage of the Financial Services and Markets Bill. During the debate, I committed to respond in writing on some matters you raised.

Your question concerned Clause 14 of the Bill, which outlines HM Treasury's reporting obligations to Parliament in the context of clauses 13 to 17 and Schedule 4, that enable HM Treasury to set up a Financial Market Infrastructure (FMI) Sandbox. Specifically, you raised the important issue of economic crime, and the need to assess economic crime risks as part of the report to be provided to Parliament for each Sandbox.

The purpose of an FMI Sandbox will be to make temporary modifications to legislation to accommodate the testing and adoption of new technology and practices. It will not lead to any lowering of standards when it comes to preventing and taking action against economic crime.

In general, the reports provided to Parliament for the Sandboxes under Clause 14 will outline what arrangements have been tested, the efficiency and effectiveness of those arrangements, and what permanent legislative amendments HM Treasury proposes to make as a result of such testing. Whether or not economic crime is covered specifically in a report to Parliament on a Sandbox will depend on the legislative modifications being made in that Sandbox, and whether they relate to economic crime in any substantive way. The government will clearly set out all relevant impacts of any changes in the report. That means if economic crime is relevant, then it will be addressed in the report.

I hope this letter is helpful in answering the matters you raised in the debate. I look forward to further engagement with you on the Financial Services and Markets Bill. I am copying this letter to all members of the Public Bill Committee, and depositing a copy of this letter in the Library of the House.

Yours sincerely,

A handwritten signature in blue ink that reads 'Andrew Griffith'.

ANDREW GRIFFITH MP