PARLIAMENTARY DEBATES

HOUSE OF COMMONS
OFFICIAL REPORT

Thirteenth Delegated Legislation Committee

DRAFT MARKET ABUSE (AMENDMENT) (EU EXIT) REGULATIONS 2018

DRAFT CREDIT RATING AGENCIES (AMENDMENT, ETC.) (EU EXIT) REGULATIONS 2019

Wednesday 23 January 2019

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Sunday 27 January 2019

The Committee consisted of the following Members:

Chair: Philip Davies

† Braverman, Suella *(Fareham)* (Con)
† Day, Martyn *(Linlithgow and East Falkirk)* (SNP)
† Dodds, Anneliese *(Oxford East)* (Lab/Co-op)
† Glen, John *(Economic Secretary to the Treasury)*
† Graham, Luke *(Ochil and South Perthshire)* (Con)
† Jayawardena, Mr Ranil *(North East Hampshire)* (Con)
† Knight, Sir Greg *(East Yorkshire)* (Con)
† Masterton, Paul *(East Renfrewshire)* (Con)
† Merriman, Huw *(Bexhill and Battle)* (Con)
† Pearce, Teresa *(Erith and Thamesmead)* (Lab)
† Shuker, Mr Gavin *(Luton South)* (Lab/Co-op)
† Smith, Jeff *(Manchester, Withington)* (Lab)
† Spellar, John *(Warley)* (Lab)
† Umunna, Chuka *(Streatham)* (Lab)
† Vickers, Martin *(Cleethorpes)* (Con)
† Walker, Thelma *(Colne Valley)* (Lab)
† Whittaker, Craig *(Lord Commissioner of Her Majesty's Treasury)*

Ian Bradshaw, *Committee Clerk*

† attended the Committee

Thirteenth Delegated Legislation Committee

Wednesday 23 January 2019

[Philip Davies *in the Chair*]

Draft Market Abuse (Amendment) (EU Exit) Regulations 2018

2.30 pm

The Economic Secretary to the Treasury (John Glen): I beg to move,

That the Committee has considered the draft Market Abuse (Amendment) (EU Exit) Regulations 2018.

The Chair: With this it will be convenient to consider the draft Credit Rating Agencies (Amendment, etc.) (EU Exit) Regulations 2019.

John Glen: It is a pleasure to serve under your chairmanship again, Mr Davies. The Treasury has been preparing extensively for a range of outcomes in the context of the UK's withdrawal from the EU, including a no-deal scenario. The draft regulations form part of the necessary work to ensure that there will continue to be a functioning regulatory and legislative regime for financial services if the UK leaves the EU with no deal and no implementation period.

Sir Greg Knight (East Yorkshire) (Con): Although explanatory memorandums are not technically part of regulations, it is important that they be accurate and up to date in all respects. Will the Minister confirm that that is the case? In particular, will he confirm that the first sentence of paragraph 7.1 of both memorandums is still Government policy? It states:

"The UK will leave the EU on 29 March 2019."

John Glen: I am happy to confirm that point—I wondered what my right hon. Friend was going to come out with.

As part of the programme that I have set out, the draft regulations will address legal deficiencies in retained EU legislation relating to market abuse and credit rating agencies. They are important for regulating market conduct practices and safeguarding market integrity. Their approach aligns with that of other legislation laid before Parliament under the European Union (Withdrawal) Act 2018, providing continuity by maintaining existing legislation at the point of exit, but amending deficiencies where necessary and introducing transitional provisions to ensure that they work as effectively as possible in a no-deal context. I shall first outline the 2018 draft regulations and then turn to the 2019 draft regulations.

Market abuse can involve a range of illegal practices relating to financial markets, including unlawful disclosure of inside information, insider dealing and market manipulation. MAR—the EU market abuse regulation, which came into effect in 2016—prohibits market abuse practices, thereby increasing market integrity and investor protection and enhancing the attractiveness of the EU securities markets for capital raising. It gives EU regulators powers and responsibilities to prevent and detect market abuse; the Financial Conduct Authority is the regulator that currently enforces it in the UK. MAR applies to financial instruments traded on EU trading venues, as well as market abuse that concerns such instruments anywhere in the world.

The 2018 draft regulations will make amendments to MAR and related legislation to ensure that the UK continues to have an effective regime to regulate market abuse once it leaves the EU. In line with our general approach of onshoring EU legislation by transferring powers and functions in the remit of EU authorities to the appropriate UK institutions, they will transfer powers from the European Commission to the Treasury, including the ability to make delegated Acts related to market abuse, and from the European Securities and Markets Authority to the FCA, enabling the FCA to make binding technical standards.

The FCA has consulted on its proposed changes to its binding technical standards, and it will continue to enforce the market abuse regime in line with its current role as part of the EU framework. That approach reflects the FCA's extensive experience, expertise and capability to continue in that function post exit. I remind the Committee that it has 158 full-time employees working on Brexit—an increase from 28 in March 2018—and that in a few months it will publish its plans for the year 2019-20.

Furthermore, the statutory instrument retains the existing scope of MAR, so that it continues to apply to financial instruments traded on both UK and EU trading venues, as well as to conduct anywhere in the world that concerns these instruments. That means that the FCA will continue to be able to investigate, prohibit and pursue cases of market abuse related to financial instruments that affect UK markets, as far as is possible in a no-deal scenario. The scope has been limited to the UK and EU, and is not worldwide, given that markets in both jurisdictions are highly integrated due to the current arrangements.

The SI also retains exemptions in MAR—and amends the scope of the exemptions to UK-only—that relate to certain trading activities that cannot be enforced against the regulation[1] They include exemptions on monetary and public debt management activities, buy-backs and stabilisation, and accepted market practices. Power will be conferred on the Treasury to extend the exemptions related to monetary and public debt management activities. That power is currently held by the Commission.

In addition, the SI retains references to emission allowances. That will allow UK firms to continue to participate in secondary market trading under the emissions trading scheme, despite the UK leaving it, and will enable the FCA to continue to monitor and enforce against UK-registered emission allowance market participants.

Additionally, the SI removes co-operation requirements between the UK and EU counterparts. The UK will no longer be obliged to share information related to market abuse with the EU, given that there would be no guarantee of reciprocity. However, the FCA will still be able to respond to information requests from third-country regulators; indeed the existing domestic framework for co-operation on information sharing with countries outside the UK already allows for that on a discretionary basis.

Finally, the SI will make further amendments to retained EU and UK legislation, including EU legislation that amends MAR, to ensure that it is operable in a UK-only scenario; to the Criminal Justice Act 1993 to

1.[Official Report, 5 February 2019, Vol. 654, c. 1MC.]

remove references to directly applicable EU regulation; and to the Financial Services and Markets Act 2000 (Market Abuse) Regulations 2016 to ensure that the UK's market abuse regime works effectively once the UK leaves the EU.

Mr Ranil Jayawardena (North East Hampshire) (Con): Will the Minister make it his business to ensure that credit rating agencies share information appropriately not only with each other and with regulators, as necessary, but with consumers? Too often, they are inaccessible to consumers, and consumers cannot even write to them to have the appropriate information registered with them. Will he make it his business to sort that out or to impart that to the FCA?

John Glen: That probably merits a further meeting.

2.37 pm

Sitting suspended for a Division in the House.

2.53 pm

On resuming—

John Glen: To pick up from where I left off, the best solution would be for my hon. Friend the Member for North East Hampshire to write to me about his specific concern. I will look into it thoroughly and get back to him as quickly as possible.

Let me turn to the 2019 draft regulations. A credit rating is used to assess the creditworthiness of an entity or financial instrument for regulatory purposes. CRAR, the credit rating agencies regulation, was introduced after the financial crisis in 2009 to ensure that EU bodies—in this case ESMA—could supervise credit rating agencies in a suitable way. The draft regulations will amend CRAR and related legislation to ensure that the UK continues to have an effective framework to regulate credit rating agencies once we have left the EU.

First, the draft regulations will transfer supervisory and enforcement powers from ESMA to the FCA to ensure that the FCA can effectively supervise credit rating agencies and enforce the new UK regime, as well as becoming responsible for the regulatory functions relating to the endorsement process. I should note that this provision was drawn to the special attention of the House of Lords in the 9 January report of Sub-Committee A of the Secondary Legislation Scrutiny Committee. It is a sensible provision, given the FCA's role in regulating the operation of markets and safeguarding market integrity; it will enable the FCA to assess whether a third country's regulatory and legal framework is as stringent as the UK's, thereby enabling credit rating agencies in the third country that are affiliated with a UK-based credit rating agency to endorse ratings into the UK for regulatory use.

Secondly, the SI will transfer equivalence powers from the European Commission to the Treasury, which will enable the Treasury to determine whether a third-country regime is sufficiently aligned in its regulatory outcomes to be declared equivalent and allow for the clarification process, allowing unaffiliated CRAs in third countries to issue ratings in the EU for regulatory purposes. That is consistent with the transfer of equivalence powers across other areas of retained EU law in SIs that have already been debated in this Committee.

Thirdly, the SI will enable credit ratings to be used in the UK for regulatory purposes, should those ratings be issued by a CRA established in the UK with an FCA registration. The instrument will also allow for a transitional period of one year to enable credit ratings issued prior to exit day by EU firms that register or apply for registration with the FCA to be used for regulatory purposes in the UK. Furthermore, the SI sets out that firms are required to establish a legal entity in the UK to register with the FCA.

There are three types of registration regimes that will smooth the transition from ESMA registration to FCA registration: the conversion regime, which will enable UK-established CRAs to notify the FCA of their intention to convert their ESMA registration; a temporary registration regime, which will allow newly established legal entities in the UK to operate in the UK if they are part of a group of CRAs with ESMA registration; and an automatic certification process, which will allow certified CRAs established outside the EU to notify the FCA of their intention to extend certification to the UK. As part of the additional powers granted to it, the FCA will receive pre-exit powers to begin the preparatory work for registering CRAs before exit day.

Additionally, references to EU institutions in relation to appeal rights will be replaced with appropriate UK bodies. Given the new enforcement powers given to the FCA, where its warning and decision notice will apply to CRAs, a right to appeal such actions has also been provided. The relevant UK body will be the upper tribunal.

Finally, further amendments to UK legislation are made. The Financial Services and Markets Act 2000 is amended to enable the FCA to charge fees in relation to its new supervisory functions in respect of CRAs, as well as ensuring that the FCA is exempt from liability for damages relating to its new supervisory functions.

The Treasury has been working closely with the FCA and the Bank of England and engaging with industry bodies on both instruments. They have both been published in draft form, accompanied by an explanatory policy note, to maximise transparency to Parliament, industry and the public before being laid before Parliament.

In summary, the Government believe that these SIs are necessary to ensure that the regulatory regimes relating to market abuse and credit rating agencies work effectively if the UK leaves the EU without a deal or an implementation period. I hope colleagues will be able to join me in supporting the regulations, and I commend them to the Committee.

2.57 pm

Anneliese Dodds (Oxford East) (Lab/Co-op): It is a pleasure to serve in this Committee with you in the Chair, Mr Davies. I am grateful to the Minister for those helpful explanatory remarks.

Of course, the Minister and I are here once again to discuss two of the many Treasury statutory instruments that make provision for the financial regulatory framework after Brexit in the event that we crash out without a deal. On each such occasion, my Front-Bench colleagues and I have spelled out our objections to the use of secondary legislation in this manner, as well as the challenges of ensuring proper scrutiny of the sheer volume of legislation that passes through delegated legislation Committees.

[Anneliese Dodds]

As I mentioned yesterday in relation to another statutory instrument, the Committee takes place in the context of a Government refusal to allow debate on the Floor of the House concerning the exceedingly complex MiFID transposition legislation, and just a couple of days following a Division on statutory instruments to implement a customs union with our Crown dependencies, with little to no indication of how that would interact with our future customs relationship with the EU27. The prospect of no deal looms large, given the Government's refusal to rule it out, so we must recognise that, on 29 March, instruments considered by delegated legislation Committees such as this may well become what we rely on, especially given the very real risk that the Government are simply running down the clock. Such instruments could represent real and substantial change to the statute book; they need proper scrutiny and in-depth analysis.

Paul Masterton (East Renfrewshire) (Con): I take the hon. Lady's point, but is it not a bit rich to go on about the necessary scrutiny when half the people on her own side have not turned back up after the Division?

Anneliese Dodds: I do not know why other hon. Friends are not here. I am sure they will be coming back soon. It may be because they have been informed that another vote is just about to happen. I apologise if my remarks have to be cut in half as a result, as the Minister's were.

Yesterday, in another Committee, I had a long discussion with the Minister about why an impact assessment had not been produced for the statutory instruments we were considering. I am grateful to him for the clarification he gave me earlier, but although we have an impact assessment for one of the instruments this Committee is considering—the credit rating agencies regulations—we do not have one for the market abuse directive and market abuse regulation transposition regulations. Yesterday, I and other hon. Members indicated our frustration at being required to be prepared to pass legislation without having been provided with an impact assessment, and that remains the case.

I note the comments by the right hon. Member for East Yorkshire about the details of the explanatory memorandum. In yesterday's Committee, it was intimated in the explanatory memorandum that an impact assessment had been produced. The Minister generously said he had left that statement in the explanatory memorandum to draw the Committee's attention to the fact that there was not an impact assessment. That was a valiant attempt to explain the situation, but it is my understanding that we have the same situation with the MAD-MAR regulations. I hope that is resolved as soon as possible. We need those impact assessments to be able to understand the potential impact of this significant legislation.

As the Minister explained, the two statutory instruments we are considering relate to important elements of the post-crisis financial architecture. With the Committee's permission, I will discuss them in reverse order and begin with the credit rating agencies regulations. Regulations were introduced at EU level following credit rating agencies' failure properly to assess the riskiness of complicated financial instruments—not least those structured finance products, such as collateralised debt obligations, that were backed up by sub-prime mortgages—in the run-up to the financial crisis. We all know the impact of what occurred then, when credit rating agencies were improperly regulated or, indeed, not regulated.

Arguably, credit rating agencies also facilitated the very sudden downgrade of the credit ratings of a number of countries, which obviously had a significant impact on their ability to borrow and on the cost of their doing so. If the Government continue on their current trajectory and we leave the EU without a deal, it will be essential that we do not dilute the regulatory framework for credit rating agencies in the UK, and that any ratings used for regulatory purposes, such as assessing capital adequacy, are robust.

With that in mind, I have a number of questions about the credit rating agencies regulations. First, I would like to push the Minister a bit more on the FCA's capacity to deal with the new tasks and powers assigned to it by the draft regulations. I believe he said that the FCA now has 158 staff working on Brexit, but of course the draft regulations give it significant new powers with respect to criminal sanctions and investigations. Many of us may feel that such an extension of its role would have been better dealt with through primary legislation. I will come back to that, but there remains an issue with the FCA's capacity to exercise those no-deal powers.

Yesterday, the Minister maintained that resourcing had not been raised with him at his last meeting with the head of the FCA. The Minister stated previously that the FCA would be able, in extremis, to garner additional resources by raising its levy on market participants. If there is a no-deal Brexit, markets may be operating in conditions of extreme uncertainty and considerable turbulence, so they may not greet an additional levy request from the FCA at that moment with unadulterated joy. I hope the Government are considering that point and what might happen if the FCA needs additional finance but its request is contested by market participants.

Secondly, under the draft regulations, the FCA will have the power to develop regulations relating to credit rating agencies. I am concerned about the scope of the draft regulations and whether they really fall within the powers provided by the withdrawal Act. In particular, regulation 3 states:

> "The FCA may make such rules applying to credit rating agencies…(a) with respect to the carrying on of a credit rating activity, or (b) with respect to the carrying on of an activity which is not a credit rating activity, as appear to the FCA to be necessary or expedient for the purpose of advancing one or more of its operational objectives under Part 1A of the Act"—

the Financial Services and Markets Act 2000. That seems a very broad power: it appears to empower the FCA to add to the corpus of law developed by the EU in its regulations on credit rating agencies. It is unclear where the justification for such a power lies. Is it provided for by the withdrawal Act deficiency powers? If so, will the Minister indicate under exactly which circumstances he envisages the power being used? I think the Committee needs that information before it can approve the draft regulations.

I also have a question about co-operation. As the Minister outlined, the draft regulations will remove any obligation to co-operate in processes intended to ensure appropriate regulation of credit rating agencies. Again, that seems like a policy decision rather than a technical one. For example, although in theory it would be possible to participate in the European ratings platform from

outside the EU, that appears not to have been envisaged—the draft regulations do not provide the mechanisms to allow even the possibility of it. It would be helpful to understand why not.

Lastly, I am a bit confused by the manner in which the draft regulations have been presented. For example, the background information in the explanatory memorandum focuses on the use of credit ratings for regulatory purposes, but of course the EU's regulatory machinery for credit rating agencies also imposes a large number of requirements on the agencies themselves, including many requirements to prevent any kind of conflict of interest. They are not allowed to provide advisory services or rate financial instruments without sufficient high-quality information on which to base their ratings, and they have to disclose their models and methodologies and publish an annual transparency report.

There are also a number of requirements that relate to directors on boards. Those goals have not been referred to; I assume that that is because they were already dealt with in the 2009 credit agencies regulation, but I hope that the Minister can confirm that. On my reading, the purpose of the 2009 regulation was to set out the means of implementing those requirements, rather than to provide a level 1 justification, as it would be called in EU parlance.

I have a related concern that it could be difficult to perform functions that relate to the internal operations of CRAs outwith the regulatory colleges that operate at EU level. It would be helpful if the Minister indicated whether, in his view, those controls will be maintained adequately without such co-operation.

Let me move on to the 2018 draft regulations, which implement what is colloquially known as MAD-MAR. MAD-MAR II was implemented in 2014—

3.9 pm

Sitting suspended for a Division in the House.

3.24 pm

On resuming—

Anneliese Dodds: I had just begun to discuss the second SI, which implements what is colloquially known as MAD-MAR—the market abuse directive and the market abuse regulation. As I mentioned, MAD II was implemented in 2014 and contained provisions on insider dealing and the unlawful publication and communication of inside information and market manipulation. As well as empowering national regulatory authorities to investigate and deter those activities, MAR widened the scope of MAD, strengthening the regime for commodity and other derivative markets and banning the manipulation of benchmarks such as LIBOR and reinforcing regulators' powers.

I have two questions about the instrument. As with the other, it "removes co-operation requirements"—to use the Minister's terms—but it does not provide a clear legal basis for that co-operation to continue. I am rather concerned about that in the context of the many regulatory developments in that area, particularly where technology is radically changing the channels and methods of communication within financial institutions.

As I am sure the Minister and anybody else who has been covered by those regulations will be aware, a large number of records need to be held by any market participant who needs to disclose on potential insider information for five whole years under MAD-MAR. That includes a list of all people who might be receiving insider information, as well as a record of the conversation that might have relayed that information. If conversations are not recorded, minutes are required. Even the format of those minutes is stipulated in a template set out by ESMA, so the requirements are very detailed. There are various stipulations in the event that minutes are not agreed within five business days and so on and so forth.

An issue with that process is the emergence of modern, Snapchat-type applications, which maintain no record of any conversation. I know that the EU was grappling with that matter and that ESMA is aware and vigilant about it, but I am not aware of any legislative changes to deal with it. I hope that the Minister can assure us that he will work with the FCA to ensure that any undermining of the MAR provisions through the use of new technology would be dealt with firmly, and that he feels satisfied that the FCA would be sufficiently empowered to do so.

Finally, it would be helpful if the Committee had a bit more information about how the Government intend to operate the system of notification of issuers when the issuer is not registered in the UK. Under MAD-MAR, the issuer would need to notify the competent authority of their home member state if they are not from the jurisdiction in which they operate. How will we ensure that issuers, many of whom will be from the EU27, are doing so under this new approach?

3.27 pm

Martyn Day (Linlithgow and East Falkirk) (SNP): It is a pleasure to serve under your chairmanship, Mr Davies. I am grateful for the other two Front-Bench spokespersons' positions.

As I recognise the significance of the regulations in the event of the worst-case scenario, I will not be opposing them. I have some concerns, however, that moving away from the EU will make regulation more difficult and may add to the red tape that businesses face, with companies having to pay heed to numerous historic regulations in both EU and UK law. That would be detrimental. I have said before on many occasions that the effort we are expending on such regulations could be better used in other areas, but I understand why we need them. I would be grateful to the Treasury and other Departments if there were more advance on these SIs.

3.28 pm

John Glen: I am extremely grateful for the comments from the hon. Members for Oxford East and for Linlithgow and East Falkirk. I shall try to respond to the points raised in detail.

The hon. Member for Oxford East raised five substantive points on the credit rating agencies. The first referred to the impact assessments, whose importance I recognise. I will not go over the full discussion that we had in Committee yesterday, but for the benefit of this Committee, I confirm that I will make the assessments available as soon as possible. I am in discussions with the Regulatory Policy Committee to get the impact assessments completed to its satisfaction. It quite rightly has exacting standards, with which I am keen to fully comply. I can commit to publishing the impact assessments when they are ready; I hope that will be next week, in time for the SI we have scheduled for next Wednesday. That is my expectation at this point.

[John Glen]

The hon. Lady also mentioned FCA resources—I will not repeat the numbers that I gave earlier—and said that the powers in certain areas appear to go beyond ESMA's powers. Why has that been deemed necessary? The FCA has powers deemed necessary for a wide range of firms. It is appropriate that those powers are consistent and that the FCA exercises them in accordance with its statutory objectives. The obligations on CRAs under the UK regime will remain aligned with those in the EU.

A point was also raised about fees. Andrew Bailey, the chief executive of the FCA, has said that he expects to hold FCA fees steady for a year or two, assuming an implementation period. Obviously, if it were necessary to increase those resources in a no-deal situation, that cost would have to be borne. That is why the Government's position is that we are seeking to secure a deal. This whole programme of SIs—all 53 of them for financial services—is a precautionary measure.

The hon. Lady raised the issue of co-operation arrangements between the UK and the EU post-exit. After exiting the EU, the UK will no longer be obliged to undertake co-operation and information sharing with EU authorities. We will remove that legal obligation but UK authorities will continue to establish ambitious co-operation arrangements with our EU counterparts. The hon. Lady's deep expertise in this area is testimony that we in the UK have led much of the sharpening of the regulations within the EU.

The FCA will look to put in place alternative arrangements for co-operation and information sharing with ESMA and EU regulators. The FCA and ESMA have publicly stated their ambition to agree a memorandum of understanding in relation to CRAs. That is what we anticipate and it is confirmed in ESMA's statement of 9 November 2018.

The hon. Lady also raised an issue around the relationship to the 2009 regulations of the FCA. It would be appropriate for me to reflect and write to her with more detail. I emphasise that the point of these SIs is to hold regulations steady before and after exit in the circumstances of no deal. I make the general point that if we have no deal, the obligation on the Government to come forward with a whole range of additional regulation in financial services would be immediate and significant. Clearly, what we are doing here is transferring the appropriate powers for continuity at the point of exit. We are not saying that that will be the final state.

The hon. Lady raised two significant points with respect to the market abuse statutory instrument. On the point about the co-operation requirements being removed, I do not need to say more than I have already. The aspiration to have an ongoing, positive dynamic is there but, of course, in an unplanned no-deal scenario, we cannot anticipate the degree of co-operation. We would seek to be proactive in driving that and there is obviously a desire from market actors for us to achieve that. Changes made by the SI, and existing gateways for the FCA sharing confidential information, will enable the FCA to continue to co-operate and share information with ESMA and EU regulators, where we choose to do so.

The hon. Lady wanted to know whether UK authorities will build co-operation arrangements for their UK counterparts. I think I have covered that. Memorandums of understanding are being negotiated between regulators and we hope to reach an understanding on those before the end of March. We cannot do that unilaterally, but progress is being made.

What is the impact on EU issuers? There will be a change for EU issuers with financial instruments admitted to trade or trading on UK trading venues. UK MAR requires EU issuers with financial instruments admitted to trading or traded on UK trading venues to provide such notifications and reports to the FCA. That will mean that EU issuers with financial instruments admitted to trading or traded on UK trading venues will need to send reports to the FCA and their home regulator.

The hon. Lady has deep knowledge of this subject and has set out the considerable burden that that would place on the FCA. As I say, that is unavoidable at this stage, but obviously we would need to do some more work following exit in this no-deal scenario. I am grateful for the comments of the hon. Member for Linlithgow and East Falkirk, and I reiterate that the Government's objective is to secure a deal, but, in the absence of that, this is none the less a comprehensive piece of work. We are working hard to secure the impact assessments and a fully functioning regulatory regime in the instance of no deal, which I and the Government believe to be wholly undesirable.

I hope that that adequately responds to the questions on both those statutory instruments. I think I have demonstrated that there is a need for these provisions to be made and passed by this Committee. I acknowledge the enduring concern about impact assessments; I accept that we are not in the optimal place, and I can only say that I am doing all I can to meet the appropriately exacting requirements of the RPC. I can do no more at this stage. I ask for the Committee's support for these regulations.

Question put and agreed to.

Resolved,

That the Committee has considered the draft Market Abuse (Amendment) (EU Exit) Regulations 2018.

Draft Credit Rating Agencies (Amendment, etc.) (EU Exit) Regulations 2019

Motion made, and Question put,

That the Committee has considered the draft Credit Rating Agencies (Amendment, etc.) (EU Exit) Regulations 2019.—*(John Glen.)*

The Committee divided: Ayes 9, Noes 7.

Division No. 1]

AYES

Braverman, Suella	Masterton, Paul
Glen, John	Merriman, Huw
Graham, Luke	Vickers, Martin
Jayawardena, Mr Ranil	Whittaker, Craig
Knight, rh Sir Greg	

NOES

Dodds, Anneliese	Spellar, rh John
Pearce, Teresa	Umunna, Chuka
Shuker, Mr Gavin	Walker, Thelma
Smith, Jeff	

Question accordingly agreed to.

3.38 pm

Committee rose.