



Quoted Companies Alliance

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Financial Services Strategy
HM Treasury
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Tuesday 9 September 2025

Dear Treasury colleagues,

FS Sector Strategy: Regulatory Environment - Cross-Cutting Reforms

We welcome the opportunity to respond to your consultation FS Sector Strategy: Regulatory Environment - Cross-Cutting Reforms.

The Quoted Companies Alliance *Markets Expert Group* has examined the proposals and advised on this response from the viewpoint of small and mid-sized quoted companies. A list of Expert Group members can be found in Appendix A.

Instead of responding to each question, we will provide our overarching view of the proposals contained within the consultation document. We will also focus our response on the FCA as this is the regulatory body most relevant to our members.

Overall, we welcome the government's proposals contained in this consultation and believe that they will further support greater clarity and consistency to the work of the FCA in line with its statutory objectives. However, we would like to see a greater emphasis placed on the need for the FCA to implement proportionate regulation, alongside greater regulatory oversight on the extent to which it pursues its secondary objective and measures against its international peers.

Proportionate regulation

While this consultation makes a clear reference to the importance of proportionate regulation, we believe that feedback from the prior Call for Evidence - that a one-size-fits all approach which leads to disproportionate burdens on smaller and specialist firms - requires greater attention. The development of the FCA's long-term strategy offers an opportunity for the FCA to set out more clearly how it intends to implement regulation that is proportionate. For example, the FCA should outline how, in performing a cost benefit analysis prior to the implementation of regulation, they have considered the relative impact of regulation on market participants of different sizes and complexities.

While the FCA's first SICGO report did outline the regulator's approach to proportionate regulation, it refers to the extent to which regulation impacts growth and that the "regulatory costs or restrictions on firms are proportionate to the expected wider economic benefits"¹. As outlined above, the FCA should adopt a more comprehensive principle of proportionality that factors in the impact of regulation on firms of different sizes and sectors.

International competitiveness and regulatory oversight

The metrics and KPIs contained in this consultation are a positive step. However, we consider it important that any such metrics or KPIs are set against international comparators. The FCA should assess and publish information on how they have due regard for the regulatory frameworks and performance of other jurisdictions and major international financial services, with a particular focus on how the UK remains competitive against these. The FCA should use benchmarking to draw inferences in changes to market outcomes by evaluating the experience in markets with different but comparable regulatory structures.

In addition, we question whether there is a need for greater oversight as to how the FCA fulfils its secondary objective. A number of proposals have been offered from a range of organisations on this point. For example, the Government's proposal for a Regulatory Innovation Office contained in its 2024 Manifesto is one that merits consideration to the extent that it would effectively monitor the FCA in its work in pursuing its secondary objective.

Finally, in response to Q5, we regard the following FCA documents as particularly useful sources of information on the work that the regulator is undertaking:

- SICGO reports
- Five-year strategy
- The Regulatory Initiatives Grid
- Primary Markets Bulletins

If you would like to discuss our response in more detail, please do not hesitate to contact us.

Yours sincerely,



James Ashton
Chief Executive

¹ Financial Conduct Authority. *Secondary International Competitiveness and Growth Objective (SIGCO) report*. (2024). p.20

Appendix A

The Quoted Companies Alliance *Markets Expert Group* members can be found here:
<https://www.theqca.com/markets-expert-group/>