

Annex I – EU engagement and messaging plan

Background

1. The Corporation's Brussels office coordinates our EU engagement, both there and across EU capitals. We do this through thought leadership, advocacy and engagement with policymakers, regulators and industry. The aim is to improve international market access, regulation and the business environment to support a thriving economy. We work to strengthen the UK's competitiveness to be the world's leading open, sustainable and innovative global hub for FPS.
2. Our specific EU activity includes:
 - Engaging closely with key European stakeholders, in line with a detailed engagement strategy which outlines key priorities and relevant stakeholders working in each of these areas.
 - Engaging with European stakeholders in Member State as well as in Brussels, in line with a market prioritisation exercise undertaken with the Trade and Investment team.
 - Using our position in Brussels to act as a hub for financial sector lobbying in the EU. Through close collaboration with other UK Trade Associations we help to coordinate the sector's interaction with Europe.
 - Hosting a series of strategic events in Brussels, and recently virtually, in order to promote UK thought leadership and bring together UK and EU stakeholders for policy discussions.
3. We use the IRSG EU Standing Committee in order to prioritise EU policy areas and actions. We engage on this basis of this prioritisation through responding to consultations, developing positions and communicating on these issues. The IRSG Data Workstream performs a similar function in relation to specific EU data and technological issues, but also considers global developments.
4. In partnership with TCUK we run 5 bilateral dialogues with key Member States (Ireland, Italy, France, Germany, The Netherlands) which bring together key industry representatives to discuss policy issues of shared mutual interest, including green finance and the digitalisation of the financial services sector.

Messaging

5. An important aspect of our messaging will be to underline that now is the time to move beyond the difficult relationship of the past few years of negotiations. A healthy EU-UK relationship is key for us in the City, not just for the financial and professional services sector, but also the wider economy. Although we appreciate that with the UK outside of the EU we are naturally seen as a competitor, we still believe we can have a constructive relationship with the EU. Successful financial markets in Europe will be a benefit to the UK and vice versa. We believe that both the EU and UK can succeed and thrive.

6. We also see a number of shared challenges that it will be important to cooperate with the EU in order to address. These include:
- Recovery from COVID-19:
 - i. Both the UK and EU will have a huge challenge in the recovery from COVID-19.
 - ii. Re-equitising the economy will be a key part of this and capital markets have a vital role to play. We believe global, internationally connected markets with support economic growth, and this includes building capital markets capacity in Europe.
 - Climate change/sustainable finance:
 - i. This is a challenge which requires international action, and will require ongoing cooperation between the UK and our European partners.
 - ii. In the City of London, we believe finance has an important role to play in tackling climate change and other environmental challenges.
 - iii. If we are to succeed, we will need new forms of cross-sector and cross-border collaboration, the removal of barriers to investment, and ultimately the re-directing of more private capital towards climate change mitigation and resilience.
 - Digitalisation:
 - i. The coronavirus pandemic is a stark reminder that the financial service sector cannot be complacent about the speed of digital adoption.
 - ii. Digitalisation is transforming the European financial system and the provision of financial services to Europe's businesses and citizens. We strongly believe that this change should be viewed in the context of a global digital transformation in financial services.
 - iii. Recognising that digital finance does not respect national borders, as likeminded jurisdictions, both the UK and the EU should work together to avoid regulatory fragmentation and support innovation, while ensuring fair levels of data protection and the best result for the customer.
 - iv. The ongoing free flow of data is vital to develop economies and create opportunities for growth. It will be important that future data policies continue to businesses to continue to operate on a cross border basis, given that the EU accounts for 75% of the UK's data flows.
 - v. With the financial sector making ever-greater use of ICT solutions, the risk of cyberattacks is increasing. A coherent approach to cybersecurity can ensure that all European citizens and businesses can benefit.
7. There are also a number of upcoming EU policy actions which may have consequences for the UK
- Action Plan on the Capital Markets Union: a clear focus of the EU is building capital market capacity in the EU. It will be important for the

continued success of London that their approach focusses on keeping EU capital markets open to international investment. There is a risk that they pursue a more “closed” approach which would limit opportunities for London to benefit from their growth.

- **Renewed Sustainable Finance Strategy:** sustainable finance is a key priority for both the EU and UK. The EU has been legislating in this area for some time and clearly considers itself to have a first mover advantage in this area. As they continue to develop their position in this area it will be key for the UK to engage to ensure that the legislation moves in a way that does not negatively impact on the developing market in the UK, and that
- **Review of AIFMD, and possibly UCITS (with possible legislative proposals):** there have been some proposals from ESMA that the EU should seek to examine the amount of fund delegation that happens from the EU to third country jurisdictions. Delegation is an internationally recognised business model, and there is no clear market failure in how this currently operates. London is a key destination for delegation by EU funds and protecting this will be key to the success of London markets.

8. Another important aspect of our messaging will be a detailed vision for the future direction of the UK framework. A separate paper on this will be presented to PRED at a future meeting.

Engagement plan

9. In order to deploy this messaging we have also developed a detail engagement plan. This includes engagement in Brussels, but also in Member State capitals.
10. On the basis of the market prioritisation exercise undertaken with Trade and Investment we recommend the following frequency for Member State visits:
 - Twice a year: France, Germany, Netherlands
 - Once a year: Luxembourg, Ireland, Italy, Spain, Poland, like-minded Member States (including Scandinavia, Baltics)
11. This engagement will be done in close collaboration with other UK Trade Associations, in particular TheCityUK in order to coordinate the sector’s interaction with Europe.
12. We will also continue our extensive engagement with Brussels stakeholders. This includes representatives from the European Commission, Members of the European Parliament and Member State Permanent Representations.
13. As the UK is now a third country, it will also be important to engage with the representatives of other third countries in order to understand the issues they have with the EU and to identify areas where we can build coalitions and amplify our messaging. Our most important third country relationships will be

with the US, Japan, Switzerland and Singapore. We will continue to engage with these representations at a working level, having at least two meetings with them a year. We will also continue to host a third country roundtable with Ambassadors from all major jurisdictions (US, Japan, Switzerland, Singapore, Australia and Canada) as part of the Policy Chair's annual Brussels engagement.

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