



Katharine Braddick

Director General, HM Treasury

How are EU-UK financial relations expected to evolve post-Brexit?

The United Kingdom and the European Union have a long, shared history in financial services regulation. We can, and should, build on that history as we tackle the challenges of the present and of the future. Whatever the outcome of the current negotiations on the future relationship, I am confident that we will remain close partners on the issues that will face, and indeed are facing, the financial services sector, legislators and regulators – and most importantly consumers.

I do not think it is hyperbole to say that we are living through a period of unprecedented technological change, and the challenges and opportunities posed by rapid technological innovation are a good example of a space in which we will continue to work together.

The growth of cryptoassets, including stablecoins, is a case in point. This new technology transcends national borders and demands cooperation by the international community if we are to understand the risks it presents and the future role it may play in the financial system.

Research from the Financial Conduct Authority shows that only 5% of British consumers of cryptoassets, including stablecoins, use UK-based exchanges for buying and selling. Of the top five exchanges used in this country, only Binance has a European Union or United Kingdom domicile – the others are based in the United States or Hong Kong. The picture is similar in the rest of Europe.

In the United Kingdom we are working through the G7, G20 and the Financial Stability Board to build consensus on regulatory approaches to global stablecoin and I know that the European Union will be too. In 2018 the United Kingdom's Cryptoasset Taskforce – HM Treasury, the Bank of England and the Financial Conduct Authority – published a paper discussing the opportunities and risks presented by blockchain technology and to consumers.

One of the principal risks is the familiar conduct challenge of consumer detriment arising from inadequate information and we have moved to address this by bringing cryptoassets into scope of anti-money laundering legislation and consulting on the inclusion of certain cryptoasset promotions in financial promotions rules.

These rules are enforced by the Financial Conduct Authority and backed by criminal sanctions. Looking further ahead, the UK Government has committed to consult on a broader regulatory approach to cryptoassets later this year.

The European Union faces the same risks and questions as the United Kingdom and a Commission proposal for an EU crypto asset regime is widely anticipated. As we move forward we can continue to learn much from each other's approaches, which will be geared towards the same goals: protecting financial stability, protecting consumers, and ensuring that the financial services sector continues to drive growth.

The United Kingdom and the European Union will continue to be members of the same international regulatory organisations, working together with other partners such as the United States and Japan to ensure that the world's financial system remains safe, stable and effective. We look forward to working together with our European partners in the future. ●