

EMAIL SUBMISSION TO: FSRegulatoryEnvironment@hmtreasury.gov.uk

To whom it may concern,

Re: HMT Financial Services Growth and Competitiveness Strategy Regulatory Environment - Cross-Cutting Reforms Consultation Paper

About Global Digital Finance (GDF)

GDF is the leading global members association advocating and accelerating the adoption of best practices for crypto and digital assets. GDF's mission is to promote and facilitate greater adoption of market standards for digital assets through the development of best practices and governance standards by convening industry, policymakers, and regulators.

The input to this response has been curated through a series of member discussions, industry engagement, and previous engagement with the UK public sector over the years and GDF is grateful to its members who have taken part.

As always, GDF remains at your disposal for any further questions or clarifications you may have, and we would welcome a meeting with you to further discuss these matters in more detail with our members.

Yours faithfully,
Elise Soucie Watts – Executive Director – GDF



Response to the Call for Evidence: Executive Summary

Global Digital Finance (GDF) convened its UK Policy & Regulatory Working Group to respond to the HMT **Financial Services Growth and Competitiveness Strategy Regulatory Environment - Cross-Cutting Reforms Consultation Paper**. Please note that as this response was developed in collaboration with GDF members, as well as community partners, that portions of our response may be similar or verbatim to individual member responses.

GDF welcomes the opportunity to respond to HM Treasury's consultation on competitiveness and growth. We strongly support the government's focus on ensuring the UK remains an attractive and internationally competitive centre for financial services and innovation.

GDF and its members have remained consistently engaged with HM Treasury, the FCA, and the Bank of England throughout the development of the UK's approach to digital assets. We welcome the emphasis on more efficient authorisation processes, proportionate supervisory timelines, and the introduction of long-term regulatory strategies as measures that will help firms scale, attract investment, and deliver innovation responsibly.

These reforms are essential to building on the ambition set out in the Mansion House reforms and the Wholesale Markets Digital Strategy. By embedding efficiency, predictability, and strategic foresight into the regulatory process, the UK can both safeguard market integrity and foster the conditions for growth in digital finance and across the wider economy.

Against this backdrop, our response sets out several key points for consideration, focusing on authorisation timelines, variation of permissions, and the importance of long-term regulatory strategies. Key points raised in our response include:

- 1. Streamline and strengthen authorisation timelines:** deliver shorter, risk-based statutory deadlines with tighter controls on “stop-the-clock” and earlier, consolidated feedback to reduce delays and enhance UK competitiveness.
- 2. Proportionate treatment for variations and senior manager approvals:** adopt expedited processes for firms already known to the FCA, with risk-tiered timelines, fast-track routes for “known persons,” and greater use of digital triage.
- 3. Long-term strategies as living frameworks:** require regulators to publish dynamic, digital-first strategies aligned with remit letters and national economic priorities, supported by transparency on resource use and efficiency.
- 4. Clarity, predictability and global alignment:** ensure regulatory publications (consultations, business plans, guidance and letters) provide clear scope, timelines, and international comparability, while modernising rulemaking processes to be simpler, faster and digital-first.



Response to the Consultation Paper Questions

Q1: Do you agree with government's proposals to prioritise shortening the deadlines for new firm authorisations, variation of permissions, and senior manager authorisations?

Yes, we are very supportive of this and believe that more efficient authorisation timelines will directly enhance the UK's competitiveness as a global financial centre. Reducing unnecessary frictions in the supervisory process will lower barriers to entry for high-quality firms, enable faster deployment of innovative products, and create a more attractive environment for investment.

For rapidly evolving sectors such as digital finance, delays in securing permissions can materially impact firms' ability to compete internationally and deliver benefits to consumers. Shorter, more predictable timelines will therefore not only strengthen the UK's reputation as an innovation-friendly jurisdiction, but also support growth in areas such as tokenisation, stablecoins, and digital capital markets.

By prioritising efficiency while maintaining robust standards, the UK can strike the right balance between safeguarding financial stability and enabling the scaling of new business models. This will be critical to achieving the government's ambition, set out in the Mansion House reforms and the Wholesale Markets Digital Strategy, of positioning the UK at the forefront of financial innovation and sustainable economic growth.

Looking ahead, we recommend that HM Treasury and the regulators undertake periodic reviews of authorisation timelines, including benchmarking against international peers. This will ensure the UK continues to deliver competitive, proportionate processes that keep pace with global best practice and reinforce its attractiveness as a hub for high-quality digital finance firms.

Q2: Do you agree with the proposed statutory deadlines for various applications set out in the tables above?

Yes, overall, we are supportive of the revisions. Establishing clearer, quicker, statutory deadlines provides firms with greater predictability, helps streamline regulatory processes, and demonstrates the UK's commitment to maintaining a competitive and efficient supervisory environment.

However, on the deadlines for Variation of Permissions (VoPs) we still believe that the proposed timelines appear disproportionately long. In these cases, the firm is already known to the FCA, with an existing supervisory relationship in place. A VOP is not a full authorisation but rather an extension to cover an additional activity (or in some cases to remove one), often closely related to permissions already held. As such, the FCA already holds detailed information on the firm's governance, systems, controls, and prudential position, and can draw on its existing supervisory relationship when assessing the application. Shorter timelines would better reflect the reduced incremental risk involved while enabling firms to expand responsibly into adjacent activities in a timely way. This is particularly important in digital finance, where innovation often builds progressively on existing business models.

We recommend:



- **Risk-tiered VoP timelines:** simple or aligned permissions subject to an expedited statutory timeframe (e.g., two months), reflecting the regulator’s knowledge of the firm and relative risk.
- **Streamlined Senior Manager approvals:** the two-month statutory deadline should be complemented by a median target of 35 days and a fast-track route for “known persons” who have already undergone recent fit-and-proper assessments.
- **Greater digitalisation and triage:** expanded use of pre-application engagement, digital tools, and early completeness checks to accelerate turnaround times and improve transparency.
- **Expanded statutory coverage:** include other critical permissions such as Change in Control applications and Waivers/Modifications, which materially affect capital formation and time-to-market.
- **Linkage to streamlined authorisation reforms:** integrate deadlines with provisional or staged licences to reduce cliff-edge risks and provide continuity of operations during assessment.
- **Accountability measures:** require regulators to limit “stop-the-clock” use, provide consolidated requests for information, and publish data on turnaround times. Cabinet-level oversight of regulator performance against these service standards would reinforce operational credibility.

Shorter timelines for these applications would better reflect the reduced incremental risk involved, while also enabling firms to expand responsibly into adjacent activities in a timely way. This is particularly important in areas such as digital finance, where innovation often builds progressively on existing business models. International practice underlines why this matters: the EU’s MiCA regime provides for decisions within 40–90 working days once applications are complete, while Singapore and Hong Kong typically conclude licensing within six to nine months. Unless UK processes become more predictable and efficient, the UK risks falling behind peers in attracting capital and talent. Providing more proportionate deadlines for variations of permission would therefore not only align supervisory effort with risk, reduce unnecessary delays, and support the growth of innovative firms in the UK market, but also reinforce the Government’s growth duty, the Kalifa Review’s emphasis on agile regulation, and the Mansion House 2025 commitments to competitiveness.

Q3: Do you agree with the government’s proposal to require the regulators to produce long-term strategies?

Yes, long-term strategies are crucial, particularly as they pertain to international competitiveness and growth. We welcome this proposal, which will help ensure that regulatory frameworks remain forward-looking, adaptable, and aligned with the government’s ambition to position the UK at the forefront of global financial innovation.

For sectors such as digital assets and tokenisation, a long-term strategic outlook is essential. These markets are evolving rapidly, and firms need confidence that the regulatory environment will provide clarity and stability over time. By articulating a clear strategy, regulators can set out the parameters within which innovation can flourish, giving businesses the certainty needed to make investments, attract capital, and scale responsibly.



This approach is also fully consistent with the ambition set out in the Mansion House reforms and the Wholesale Markets Digital Strategy, which both emphasise the importance of a competitive, internationally aligned financial services sector underpinned by innovation. A long-term regulatory strategy will ensure that the UK continues to build on these reforms, creating a sustainable framework in which digital finance can thrive.

To be credible, these strategies must also move beyond static documents. They should be updated frequently, published digitally, and designed to evolve alongside changes in technology, market models, and international standards. Strategies should also explain how resources are allocated and whether they remain proportionate. Regulators' headcounts have expanded significantly in recent years, and there is a need for greater transparency on how this capacity is being deployed, alongside commitments to use technology more effectively, streamline rulebooks, and simplify processes.

Consultation and rulemaking should likewise be re-engineered. Current processes could also be designed to be quicker and more agile. Digital-first methods of consultation and implementation would improve transparency, accessibility, reduce costs, and ensure that the UK framework remains both efficient, and clear for firms to navigate.

A strategic outlook also creates the conditions for the UK to act as a global standard-setter. By engaging early on international frameworks, regulators can both shape and align with global best practice, reducing fragmentation while strengthening the UK's reputation as a trusted hub for high-quality firms. This is particularly important in digital finance, where cross-border activity and interoperability are inherent features of the market.

A long-term strategy also enables regulators to better anticipate emerging risks and opportunities. This ensures proportionate safeguards are in place while avoiding overly reactive measures that risk deterring investment. The result will be a regulatory environment that protects market integrity and consumers while actively driving growth and innovation across the financial sector.

Finally, long-term regulatory strategies should be situated within a wider national framework, aligned with annual and periodic remit letters. This would provide coherence across the regulatory system while anchoring priorities in the UK's broader economic strategy. Furthermore, these strategies should be linked to a joined up approach across all public sector bodies who contribute to the UK's regime including FCA, BoE, HMT, HMRC and the Law Commission. Done well, this would also reinforce the UK's ability to shape international frameworks, reduce fragmentation, and strengthen its reputation as a global standard-setter in financial and digital markets—particularly important in digital finance, where cross-border activity and interoperability are inherent features of the market.

Q4: Do you agree with the government's proposal to streamline the requirement to have regard to the regulatory principles and remit letter by linking this to the regulators' long-term strategy?

Overall, GDF is supportive of the linking the principles to the long-term strategy. However, we believe a balanced “both/and” approach is needed. The regulatory principles and remit letters should be embedded into regulators' long-term strategies, but they must also continue



to shape day-to-day supervisory, enforcement, and rule-making activity. If confined to the strategic level, there is a risk that these principles become aspirational statements rather than drivers of practical outcomes.

While we recognise the importance of reducing unnecessary procedural inefficiencies, for example, avoiding a box-ticking exercise in which each principle is considered in isolation for every routine decision, it is equally important that the principles in section 3B FSMA 2000 remain operational touchstones. The FCA and PRA should continue to demonstrate how these principles guide rulemaking, supervisory judgements, and broader policy development.

In practice, this could be achieved by:

- **Transparent reporting:** regulators could highlight in annual reports and key publications how remit letter priorities and statutory principles have been applied in significant policy or supervisory decisions.
- **Integrated assessment:** competitiveness, innovation, and international alignment could be built directly into cost-benefit analysis methodologies and the criteria used when appraising regulatory options.
- **Oversight and accountability:** government and Parliament could maintain scrutiny of how these principles are applied in practice, ensuring consistency between long-term strategies and daily regulatory operations.

This approach would preserve efficiency while ensuring that the growth duty, competitiveness objective, and wider policy priorities remain embedded across the regulatory lifecycle.

Q5: What published documents from the PRA or FCA do you find most helpful? What information do you consider most important?

Across both regulators, the information that firms value most is clarity on scope and perimeter, certainty on timelines and transitional arrangements, and a practical understanding of how frameworks such as the Consumer Duty or SMCR will apply to digital markets. Equally, transparency on how the UK's approach compares internationally and forward-looking publications, such as regulatory roadmaps, the Wholesale Markets Digital Strategy and Mansion House updates, are critical in helping firms anticipate change and align compliance models globally.

In practice, the most useful publications are also those that provide clarity on regulatory expectations, set out supervisory priorities, and allow firms to plan ahead. From the FCA, consultation papers, discussion papers and policy statements are particularly valuable, as they show the regulator's direction of travel and create opportunities for engagement. Recent consultations on stablecoin issuance, custody and prudential requirements are good examples, as they clarify how existing frameworks will be applied to new activities. The FCA's annual Business Plan and Perimeter Report are also important in highlighting priorities and boundary issues.

Equally important are resources that translate policy into practice. FCA webpages with clear, updated guidance, such as those on cryptoasset authorisation, application standards, and examples of good and poor practice in financial promotions, provide tangible reference points



for firms. Dear CEO letters also offer timely direction on supervisory expectations, as demonstrated by the PRA's recent letter on innovations in deposits, e-money and regulated stablecoins. From the PRA, supervisory statements and policy papers remain essential to understanding how prudential standards will be applied in practice, while its Business Plan and firm-specific letters help shape firms' risk management priorities.

Looking ahead, however, the way in which this information is published must evolve. The current consultation and rulemaking process is too slow and complex for fast-moving markets. Regulators should move toward agile, digital-first communications that are easier to navigate, more frequently updated, and better able to keep pace with innovation and globalisation.