

THE MOST SERIOUS FINANCIAL SCANDAL OF MODERN TIMES

5. WHY EUROPE NEEDS TO KNOW

- The UK financial services sector employs more than one million people, contributes £127bn to the UK economy and yields £75bn in taxes annually. The City of London does six times more financial services business with the EU, than the EU does with the UK. London accounts for 40 per cent of Europe's assets under management, 60 per cent of its capital markets business, 78 per cent of its foreign exchange trading, and 74 per cent of its derivatives trading. The UK securities market is the biggest in Europe. The UK banking sector is the biggest source of cross-border lending to EU banks and corporates, with more than £1.1tn of loans outstanding and the UK is by far the largest market in Europe for alternative finance.
- As a consequence of leaving the EU, the Government is presently negotiating arrangements for access of the City of London to European financial markets. This is designed to be based on the concept of "equivalence", whereby the EU would recognise that the regulatory and supervisory regimes of the City are equivalent to those of Europe¹.
- Earlier this year, the UK requested "permanent equivalence" and asked to subsume an agreement on financial services into a chapter of the overall free trade agreement. The EU rejected this but has indicated its willingness to grant equivalence.
- Present arrangements involve passporting, which has enabled UK financial institutions to enjoy unfettered access to European markets. It is unclear what exactly will be decided but regulatory equivalence might equate to passporting lite, whereby significant sections of financial services might not be covered and the agreement could be revoked by the EU at 30 days' notice.
- Whatever the outcome, the arrangements require both sides to observe the **highest standards** but in the case of the UK, this has decidedly **not** been the case, with extensive criminal conduct by banks such as Lloyds having been covered up by successive Governments, regulators and prosecuting authorities.
- Our paper "Challenging the Bailey Appointment" (February 2020) described how as Chief Executive of the UK's leading financial regulator, the Financial Conduct Authority (FCA), Andrew Bailey ensured that multiple instances of serious banking misconduct and criminal fraud were deliberately not investigated or prosecuted.² The refusal of the FCA to act has been only part of a more comprehensive cover up undertaken by numerous arms of the British state.

¹ <https://ukandeu.ac.uk/equivalence-is-a-word-to-watch-in-the-2020-trade-negotiations/>

² Challenging the Bailey Appointment, February 2020 – 12 pages. See our website www.lloydsbankassetfrauds.com

- Comments by senior figures including the former Chancellor, Sajid Javid³ and a deputy Governor of the Bank of England, Sir Jon Cunliffe⁴ can be shown to have been intentionally misleading:

Sajid Javid: *(The UK's) "financial services sector (is) a great British export ...From next year, we will have freedom to make our own rules....we will no longer be rule-takers, but we remain committed to the highest international standards of financial regulation⁵ and to shaping global rule-making. We may choose to do things in the same way as the EU, if it works for the UK. But there will be differences, not least because as a global financial centre, the UK needs to keep pace with and drive international standards. (Concluding arrangements including equivalence will be) important not only in the short term, but to establish the norms and ways of working with the EU that will endure for the decades to come.....the UK is absolutely clear about our values as a leading global financial centre: a safe and transparent place to do business, with world leading regulators".^{6 7}*

Sir Jon Cunliffe: *"The UK cannot outsource regulation and supervision of the world's leading complex financial system to another jurisdiction...it requires a relationship built on the assessment of similar outcomes, in a non-discriminatory way, paying due respect to home country regimes in line with [internationally agreed] norms....Future regulatory and supervisory arrangements between the EU and the UK need to be stable and built on good faith".*

³ <https://www.cityam.com/ill-give-the-city-the-flexibility-it-needs-to-thrive-outside-the-eu/>

⁴ <https://www.bankofengland.co.uk/-/media/boe/files/speech/2020/governance-of-financial-globalisation-speech-by-ion-cunliffe.pdf>

⁵ Press release 22 – FCA's deliberate failure over banking fraud.

⁶ Press release 23 – Andrew Bailey & the failure to investigate Lloyds' frauds.

⁷ Press release 24 – Financial Reporting Council's role in cover up.