



# London Stock Exchange Group response to EBA Consultation on its approach to FinTech

---

**Question 1: Are the issues identified by the EBA and the way forward proposed in section 4.1 relevant and complete? If not, please explain why.**

LSEG supports efforts observed across member states and globally, by policymakers and market participants, to drive innovation with initiatives such as the various sandbox regimes and innovation hubs. We consider it crucial for existing financial services providers to collaborate with regulators and FinTech providers, and be actively involved in supporting such initiatives to ensure the overall financial services ecosystem is sound and nurtures innovations in the market. We also believe that, to achieve their maximum potential, the various initiatives should be coordinated to the extent that they are not detrimental to each other. We would like to note the potential risk that a multiplicity of such initiatives with the unintended consequence of spreading interest too thinly from start ups and investors. At the same time, however, we welcome competition at the accelerators level as start ups try to compete to the best of their abilities. We believe it will be beneficial for regulators to allow these programmes to be carried out, and to facilitate when possible, to ensure a fertile environment for innovations.

**Question 10: Are the issues identified by the EBA and the way forward proposed in subsection 4.4.1 relevant and complete? If not, please explain why.**

We welcome EBA's effort to help foster FinTech solutions. We believe in the technology neutral principle that, regardless of the underlying technology, if a FinTech provider is in effect performing a regulated activity, then the provider must be authorised and the service must comply with existing relevant regulation, according to a functional approach, to ensure financial stability and customer protection.

On crowdfunding, we believe that, by observing the various FinTech innovations in the space, efforts need to be made to ensure that investors are aware of risks and provided with a standardised level of public disclosure but are still given the choice to invest when they deemed it as appropriate.

**Question 11: Are the issues identified by the EBA and the way forward proposed in subsection 4.4.2 relevant and complete? If not, please explain why.**



We support EBA's proposed way forward as we believe that a pan-European approach to regulation would allow Europe to fully leverage from its integrated market. Furthermore, we believe that FinTech being a global market, it is crucial to ensure that an internationally consistent approach is adopted to avoid regulatory arbitrage. We also consider that, with regulators looking beyond European border, Europe would benefit from a global harmonised approach as it facilitates European FinTech providers to become global champions, create jobs, deliver economic growth and support Europe's global competitiveness.

**Question 15: Are the issues identified by the EBA and the way forward proposed in subsection 4.4.4 relevant and complete? If not, please explain why.**

LSEG always firmly supports innovations that would improve customer value creation in terms of efficiency, broader choice, transparency and customer protection. We are actively monitoring development in the market, and endorse EBA's effort to closely monitor these applications and to prevent information asymmetries. Efforts need to be made to ensure that investors are fully aware of their rights and the associated risks in order to make informed decisions to use the products/services.

**Question 17: Are the issues identified by the EBA and the way forward proposed in subsection 4.4.5 relevant and complete? If not, please explain why.**

LSEG is delighted to see EBA's continuous effort to coordinate and foster initiatives on financial literacy. LSEG has been supporting education for retail customers as part of our commitment to ensure that the consumers can benefit from the supply of financial services to the optimal extent. Among many of such initiatives, we have partnered with the Chartered Institute for Securities & Investments (CISI) on capital markets education for retail investors. As part of LSEG, Borsa Italiana organises the Trading Online Expo, one of the leading European conferences, with the aim to develop financial education among retail investors. We also provide Borsa Virtuale, a publicly available tool which enables investors to practice trading.

We are encouraged to see a wider availability of financial services enabled by innovative FinTech providers while sharing EBA's perspective that such education has also been made more crucial for customer protection purpose.