Regulatory Expectations and a Pivot to Growth: A Global View

Whether you are an asset manager, asset owner, bank or any other participant in the financial services industry, a focus on growth is certainly a key component of your DNA.

However, whilst growth is essential for firms, that consideration, from a governmental and regulatory perspective, is not (currently) as prevalent as the need to ensure financial stability and market integrity, along with the protection of investors.

In this article we focus on a holistic approach to growth across various markets worldwide, and in particular the UK and European Union (EU) as they work towards the pursuit of growth friendly policies.

We look at the approaches of other jurisdictions, such as Hong Kong, Australia and the U.S., with the latter entering a deregulatory cycle that may have implications for growth.

A holistic approach to growth globally

On 23 May 2025, a Communiqué was issued following the G7 Finance Ministers and Central Bank Governors meeting on 20-22 May 2025. In addressing 'Bolstering Long-term Growth and Productivity', the Communiqué stated that the G7 discussed and shared experiences on how best to pursue growth-enhancing policies in a fiscally prudent manner.

The G7:

- Agreed that structural reforms can help set the foundations for strong and sustainable economic growth;
- Recognised that specific growth policies need to be adapted to each country's needs and circumstances; and
- Agreed that maintaining a stable and predictable macroeconomic environment is important for strong growth and productive long-term investment.

This tallies with the approach from the International Organization of Securities Commissions (IOSCO) and its co-ordination with national securities regulators, to the interactions that governments and regulators have with their own domestic sectors such as financial services and end investors.

At an EU level, without the support of Member States, where proposals exceed the authority of the European Commission (Commission), then barriers to implementation will be met. And this is also where the introduction of the Savings & Investment Union (SIU) plays a part as it recognises the crucial role of Member States in driving progress, particularly in areas where EU competence is limited such as tax, insolvency and pensions.

At a local level, in Hong Kong, in a keynote speech, addressing the topic of 'Building on Hong Kong's Solid Foundation as a Financial Centre to Foster Development through Collaboration', the Chairman of the Securities and Futures Commission (SFC) stressed that the "effective functioning of market forces is essential for investor confidence and economic growth."

And in the U.S., in 'Remarks to the Investment Company Institute's 2025 Investment Management Conference' on 17 March 2025, Securities and Exchange Commission (SEC) Commissioner Mark T. Uyeda stated his view that the SEC's "investor protection role is crucial to facilitating the growth of capital markets."

However, a more tempered view was also expressed by outgoing Commodity Futures Trading Commission (CFTC) Commissioner Christy Goldsmith Romero at The Brookings Institution on 27 May 2025.

In her farewell remarks (that reflect her own views, not those of the CFTC) entitled 'The Future of Financial Services Regulation', she stated that "as the current Administration pursues a deregulatory agenda in the name of growth, care should be taken not to remove the load-bearing resilience built into markets-resilience that has resulted in financial stability and protected our economy." Adding that "regulators should not have to sacrifice growth for financial stability. These are not mutually exclusive goals."

The EU's growth ambition

In the EU, we can trace the current growth journey back to 2015, when the Commission launched its Capital Markets Union (CMU) Action Plan, intended to boost business funding and investment financing.

In the Action Plan the Commission stated that the purpose of the CMU was to strengthen the link between savings and growth. It set out that the path to growth included financing for innovation, start-ups, and non-listed companies.

It also set out in the Action Plan that it is important that EU legislation strikes the right balance between reducing risk and enabling growth and does not create new barriers that were not intended.

In the Action Plan, the Commission called for the building blocks for putting a well-functioning and integrated CMU, encompassing all Member States, to be in place by 2019.

Where is the CMU now?
On 5 December 2019, the Council of the EU (the Council) conclusions on the deepening of the CMU highlighted how almost all of the legislative reforms set out in the 2015 Action Plan had been adopted.

Nevertheless, the Council stated that regulatory and other barriers (such as taxation and insolvency) still hampered the smooth movement of capital and access to financial products and services in the financial sector. Therefore, the Council called to continue and further deepen the CMU.

This was followed on 24 September 2020 with the publication of a new Action Plan to boost CMU which featured, as one of its key objectives, the aim of making the EU an even safer place for individuals to save and invest long-term.

This was followed by the publication, on 9 March 2023, of "Channeling Europe's savings into growth", an Op-ed article by European Council, European Commission, Eurogroup, and the European Central Bank and European Investment Bank Presidents calling for greater ambition and efforts to create a genuine CMU, noting its key role in the EU's long-term competitiveness.

And at a Special European Council meeting on 17-18 April 2024, EU leaders again stressed the urgent need for the Council and the Commission to make rapid progress on all measures identified as necessary to create truly integrated European capital markets.

Latest initiative takes the stage – the SIU
On 19 March 2025, the Commission unveiled its strategy for the SIU, which it says seeks to offer EU citizens broader access to capital markets and better financing options for companies. This in turn will lead to more choice for savers who wish to grow their household wealth and allow businesses across Europe to grow.

The Commission views the SIU as a horizontal enabler that will create a financing ecosystem to the benefit of investment in the EU's strategic objectives. The capacity to address current challenges requires significant investment. This was identified in the Draghi Report (on EU Competitiveness), published 9 September 2024, which estimated that an additional EUR750-800 billion per year by 2030 would be needed (which at the time did not factor in increased defence spending needs).

Accordingly, the Commission says that delivering the SIU is a shared responsibility of EU institutions, Member States and all key stakeholders, requiring concerted efforts and close collaboration.

The Commission says that packages of measures will be taken in a limited range of areas, with a clear link to boosting competitiveness in the EU economy, with the most impactful actions being given priority in 2025.

For example, like proposed UK pension reforms aimed at helping to drive growth, covered later in this article, on 13 June 2025 the Commission issued a targeted consultation on supplementary pensions, stating that since national competence and the design of the overall pension system do not allow for one-size-fits-all policy proposals in several areas, its recommendations to Member States appear to be the most suitable tool to provide guidance on auto-enrolment, pension tracking systems, pension dashboards, and the implementation of the prudent person principle by pension funds.

The Commission states that the consultation aims to collect information on whether the EU PEPP Regulation shall be reviewed to introduce a streamlined and accessible default option to complement existing Member States' pay-as-you-go and occupational pension systems. In particular, it explores whether the appeal and usability of the EU PEPP could be improved by simplifying product features, facilitating digital onboarding, enabling cost-effectiveness, and removing barriers to participation across the EU.

However, implementing the SIU will rest on both legislative and non-legislative measures, and on measures to be developed by the Member States themselves.

On the same day the SIU was announced, the European Commissioner responsible for Financial Services and the SIU stated that "growth isn't just a by-product of the Savings and Investment Union; it's a central objective, because maintaining Europe's economic power is also a matter of our collective security."

Another area also touched on by the Commissioner, specific to the EU, is that Member States have confirmed that they share the SIU's goals, which is important as the Commission "will need their commitment to act, especially in areas where the EU has limited competences. Delivering is a shared responsibility."

And on 15 April 2025, the Commission launched a targeted consultation on the integration of EU capital markets. As part of implementing the SIU strategy, the Commission says it seeks stakeholders' feedback on several issues and possible measures, legislative or non-legislative in two main areas:

- Barriers in general to the integration and modernisation of trading and post-trading infrastructures, the distribution of funds across the EU and efficient cross-border operations of asset management; and
- Barriers specifically linked to supervision.

The deadline for comments was 10 June 2025.

The Commission says it will publish a mid-term review of the overall progress in achieving the SIU in the second quarter of 2027. In the interim, the EU's growth ambition is gathering momentum.

Also, it should be noted, prior to the SIU announcement, on 29 January 2025, the Commission published its Competitiveness Compass, which is intended as a new roadmap to restore Europe's dynamism and boost its economic growth. For more information on this, please see our recent article – 'Continental Drift: Financial Services Regulation in the EU and UK.'

> "The Commission's SIU announcement suggests that the efforts towards integrated capital markets are likely to continue focusing on measures to attract investors, fostering adoption of common rulebooks and market standards, and promoting efficiency and innovation."
>
> Marcello Topa, Director, Global Market Advocacy, Policy and Strategy, Citi.

Focus on a pro-growth agenda – the UK

On 14 November 2024, the UK's Chancellor of the Exchequer announced, in her Mansion House 2024 speech[1], a package of reforms designed to drive growth and competitiveness in UK financial services.

The measures that form the Mansion House package included, as part of its wider Industrial Strategy, that the UK Government is developing a Financial Services Growth and Competitiveness Strategy (the Strategy). Originally due to be published in the spring of 2025, the Chancellor has now announced it will be published as part of the next Mansion House address on 15 July 2025.

On the same day as the Mansion House 2024 speech, the UK Government published a call for evidence (CfE) to inform development of the Strategy, which closed on 12 December 2024.

Through its CfE, the UK Government says that it aims to gather additional evidence relating to:

- The proposed scope and focus of the Strategy;
- What firms see as their major business growth opportunities and where they are targeting their investment as a result;
- What factors matter most to firms when considering the UK as a destination to invest and grow a financial services business; and
- What factors that would make the greatest difference to growing and enhancing the competitiveness of the UK's financial centre over the next 10 years.

In the CfE, the UK Government recognises that the financial services sector is a broad sector, from credit unions and mutuals serving their local communities, to the world's largest asset managers and investment banks serving clients across the globe.

The CfE adds that each part of the sector has a vital role to play in the growth mission, but they will have different perspectives and priorities. So, the UK Government says it wants to hear from the full breadth of the sector alongside other stakeholders, such as the academic community and consumer groups offering new or different perspectives.

Remit letters

As part of the announced package of reforms, new remit letters were issued by the UK Government to the Financial Conduct Authority (FCA), Prudential Regulation Authority (PRA), Financial Policy Committee and Payment Systems Regulator to ensure a greater focus on growth.

In the case of the FCA and PRA, their respective letters call on the regulators to consider, whilst pursuing their specific operational/primary objectives, how they can enable informed and responsible risk-taking by authorised firms and customers (latter point FCA only), as these are all prerequisites for growth, and for assuring that everyone across the UK can benefit from that growth.

On 9 December 2024, the FCA responded to the remit letter it received, outlining recent measures it had taken to support growth and also its upcoming plans.

The FCA stated that supporting the growth of the financial services and the UK economy will be a cornerstone of its recently published Strategy 2025 to 2030.

Objectives – old and new
Regarding the development of the UK's growth agenda, under the previous Government the Financial Services and Markets Act (FSMA) 2023 gave the PRA and FCA new secondary international competitiveness and growth objectives (SICGO) to facilitate the international competitiveness and growth of the UK economy in the medium to long term (subject to alignment with international standards).

A recent example where the FCA have considered SICGO (as well as its strategic and operational objectives) can be found in its Call for Input (CfI) on the Future regulation of alternative fund managers (which closed on 9 June 2025).

In the CfI the FCA states that clearer rules, better tailored to firms, could create efficiencies in how firms do business and further support economic growth and competition.

Balancing growth vs. Investor protection

> The UK has plans to reform its pension industry, involving the creation of mega funds, changes to the surplus release rules for defined benefits schemes, and mandated asset allocation targets.
>
> We will not know the finer details until the Pension Schemes Bill receives Royal Assent, but given the juxtaposition between growth and protection, it will be critical to get this balance right.
>
> Amanda Hale, Head of Trustee & Fiduciary Services Regulatory Team, Citi.

On 13 May 2025, the Mansion House Accord (the Accord) was announced in the UK. The Accord represents seventeen of the UK's largest workplace pension providers, who have voluntarily expressed their intent to invest at least 10% of their defined contribution (DC) default funds in private markets by 2030, with 5% of the total allocated to the UK.

It is aimed at securing better financial outcomes for DC savers through the higher potential net returns available in private markets, as well as boosting investment in the UK.

Whilst the announcement contributes to the UK's growth agenda, and in the short-term, given the voluntary nature of the Accord, removes question of the UK Government mandating a set percentage that DC funds should allocate to UK assets, questions will continue to be posed.

Namely, should an asset owner be focused solely on the benefit on behalf of whom it invests, or should wider considerations, such as committing to invest a set percentage in a certain country to boost growth, play a part?

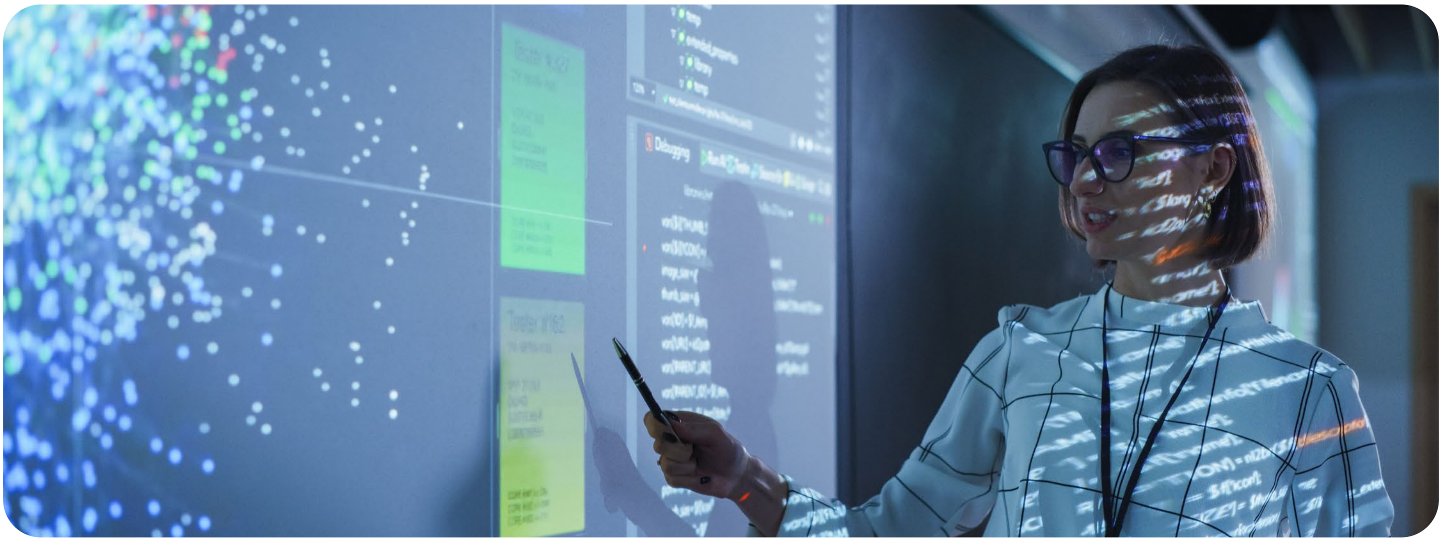
By way of update, on 29 May 2025, the Government published its Pensions Investment Review Final Report. In the Final Report the Government confirms that, given industry progress, it has concluded it is not necessary currently to mandate investment.

However, in the Final Report the Government also states that its forthcoming Pension Schemes Bill (introduced in the House of Commons on 5 June 2025) will include a reserve power which could, if necessary, enable it to set quantitative baseline targets for pension schemes to invest in a broader range of private assets, including in the UK, for the benefit of savers and for the economy.

It's worth noting that whilst the Government says it does not anticipate exercising the power, it has this ability should the industry not deliver the change on its own. This possible intervention could only happen after the Government has made a thorough assessment of the potential impacts of any proposed quantitative targets on savers and economic growth.

Importantly, for the pensions industry, the Government says that the reserve power to be included in the Pensions Scheme Bill will likely include provisions and safeguards to protect savers' interests and that requirements under the reserve power will be consistent with the principles of fiduciary duty.

The need to balance objectives that may come into conflict is recognised by the FCA. In a speech on 23 May 2025 by its Director of Market Oversight, entitled "Rebalancing risk to fuel growth", he said that "we are committed to rebalancing risk across the industry which can spur growth. Decreasing regulatory burden is a focus. But not at the expense of consumer protection. There is a balance to be struck."



Functions and priorities - HKMA/SFC

As Hong Kong's central banking institution, the Hong Kong Monetary Authority (HMKA) has four main functions. They include promoting the stability and integrity of the financial system, including the banking system; and helping to maintain Hong Kong's status as an international financial centre, including the maintenance and development of Hong Kong's financial infrastructure.

The regulation of Hong Kong's securities and futures markets sits with the SFC. Its statutory objectives include to:

- Maintain and promote a fair, efficient, competitive, transparent and orderly securities and futures industry;
- Help the public understand the workings of the securities and futures industry;
- Provide protection for the investing public;
- Minimise crime and misconduct in the industry;
- Reduce systemic risks in the industry; and
- Assist the Government in maintaining Hong Kong's financial stability.

Whilst HKMA's and SFC's remits cover different market sectors, they both address investor protection, within broader frameworks which also look at market, operational, technological and cyber resilience.

So, while we can see a framework that focuses on the stability and integrity of its financial system, as well as investor protection, it can also be reasonably argued that this is a framework within which growth can take hold.

And whilst there is not an articulated growth agenda that has been mandated by the Hong Kong Government, individual policies can drive this agenda.

This can be seen in a recent keynote speech (17 February 2025) by the Chief Executive of the HKMA, who spoke at the Annual Asia Securities Industry and Financial Markets Association Conference. Addressing the theme of "Navigating New Growth Corridors in Asia-Pacific", his comments included the role Hong Kong plays in the growth of the China-ASEAN corridor.[2]

Protected today, prepared for tomorrow – Australia's APRA and ASIC

In terms of its role, the Australian Prudential Regulation Authority (APRA) states that prudential regulation is concerned with maintaining the safety and soundness of financial institutions, so that the community can have confidence that they will meet their financial commitments under reasonable circumstances.

APRA's vision is focused on two strategic themes: Protected today, prepared for tomorrow.

Recognising the link between a stable financial system and economic growth, in a speech[3], the Chair of APRA stated that the former is not an impediment to the latter but a precondition.

ASIC

The purpose of the Australian Securities and Investments Commission (ASIC) is to monitor and promote market integrity and consumer protection in the Australian financial system. As regards to its strategic priorities, and in terms of the subject of this article, ASIC's aim is to improve consumer outcomes. In ASIC's Corporate Plan 2024-25[4], published 22 August 2024, it also more broadly sets out the focus areas that are specific to each priority and details how it will address each one.

Like HKMA and SFC, APRA and ASIC share considerable areas of overlap as well as relationship similarities in terms of the split between prudential and markets focus.

On the evolution of its capital markets, in February 2025 ASIC issued a discussion paper on the dynamics between public and private markets. In terms of changes in public equity markets, ASIC's paper discusses both the growth of the Australian Superannuation System and growth in private markets. The paper closed for comments on 28 April 2025.

Broader Asia-Pacific views

For a broader look at the region and different regulators' priorities, including Singapore and South Korea (in addition to Hong Kong and Australia discussed above), please see our recent article - 'Asia-Pacific Regulatory Priorities for 2025 – Predictable Unpredictability.'

U.S.

In the U.S., following the recent change in Administration, on 6 March 2025 the new Treasury Secretary, Scott Bessent, spoke at the Economic Club of New York.

In his remarks, Secretary Bessent stated that the Treasury "will lead a comprehensive and assertive effort across the Administration to empower our nation's banks to finance the economy's pursuit of job growth, wealth creation, and prosperity for all Americans."

In terms of the regulatory framework, he also stated that regulatory overreach had "missed material risk, stymied growth, and squashed innovation" and that the new Administration "aims to make financial regulation more efficient, effective, and appropriately tailored."

In pursuing this, an Executive Order was issued that requires the Office of the Comptroller of the Currency (the OCC), the Federal Deposit Insurance Corporation (the FDIC), and the Federal Reserve to submit regulatory actions for review at the Office of Management and Budget.

SEC

At the SEC, the change of Administration has also seen the appointment of Paul S. Atkins as the new SEC Chairman on 21 April 2025. And in remarks at the 12th Annual Conference on Financial Market Regulation on 16 May 2025, he stated that "it is a new day at the SEC, and I look forward to engaging with you all as we promote policies that foster economic growth and strengthen confidence in our markets."

This was followed up on 19 May 2025, with remarks at the SEC Speaks Conference, where Chairman Atkins announced that the SEC would be getting back to its roots, which included promoting innovation.

In relation to investing in private funds, he stated that since 2002 SEC staff has taken the position that closed-end funds investing 15% or more of their assets in private funds should impose a minimum initial investment requirement of USD25,000 and restrict sales to investors that satisfy the accredited investor standard. As a result, many retail investors had missed out on opportunities to invest in closed-end funds that invest in private investment funds, like hedge funds and private equity funds.

He went on to say that much has changed since 2002 – including the growth of private markets and the increased oversight and enhanced reporting by both private fund advisers and registered funds. And with this in mind, he intends to have the SEC address this situation and reconsider this 23-year-old practice concerning investments by closed-end funds in private funds.

He concluded by saying that this common-sense approach will give all investors the ability to seek exposure to a growing and important asset class, while still providing the investor protections afforded to registered funds.

Latest U.S. proposals
With a nod to growth in name as well as the actual proposals, on 20 May 2025, the Generating Retirement Ownership Through Long-Term Holding Act (GROWTH Act) was introduced in the U.S Senate (noting that this marks the third time it has been introduced).

The premise behind the bipartisan legislation is simple: allow investors to keep their money working instead of removing part of it each year because of capital gains taxes paid on growth in mutual funds.

The GROWTH Act will allow investors in mutual funds to be treated the same as those investing in the stock market - they pay taxes only when their shares in the mutual fund are sold.

A statement in support of the Growth Act was published on 21 May 2025 by the Investment Company Institute, commenting that "having them pay taxes only when they exit the fund or sell their investment is just logical and will incentivize Americans to save and invest for their long-term goals without having to worry about unexpected tax bills."

For more information on recent U.S. regulatory developments in the disclosure space, please see our article – 'Say What? Keeping Current with U.S. Fund Disclosures.'

Growth and investor protection considerations

In terms of growth agendas, this can also be seen with the current focus of regulators around the globe on the simplification of regulatory frameworks. But as we mentioned earlier, investor protections remain top of mind for regulators, and it will be interesting to see how these approaches develop over the coming years.

Whilst both the pursuit of, and approaches to, growth can rightly be expected to follow different paths in different countries, investor protections are likely to remain in focus as agendas are weighed.

And in the words of the FCA's Director of Market Oversight (referenced earlier in this article), "Growth. It takes time. It requires favourable market and geopolitical conditions… we cannot guarantee thriving conditions for growth on our own. We are one part of the puzzle. What we can do is create certainty, remove burdens, and ensure that we are consistently challenging ourselves to help facilitate growth."

Growth in 2025/26 and beyond

So, what does the future hold? Whilst expressed from the perspective of the EU banking sector, the comments (25 April 2025) of the Director for Banking, Insurance and Financial Crime at the European Commission, can be recognised as having wider applicability to other countries, namely that "by prioritising regulatory harmonisation and focusing on preserving an international level playing field, promoting cross-border integration, streamlining regulatory frameworks, and embracing innovation, policymakers can contribute to the growth and the competitiveness of European banks."

And this is put more succinctly by U.S. CFTC Commissioner Romero (in her remarks referenced earlier in this article) when she stated that "growth requires a regulatory environment where markets are financially stable and resilient during times of volatility, uncertainty, and stress."

But the introduction and subsequent approval of growth agendas by governments and regulators is still at an early stage, with work ongoing. Noting that it is furthest progressed in the EU and UK.

Absent well sign-posted proposals, all other jurisdictions covered in this article, when you consider the baseline global regulatory framework that has evolved since the GFC, should ensure that with continued focus, the framework exists for them to flourish.

This article was correct at the time of writing: 23 June 2025.

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