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Department for Business Innovation & Skills
1 Victoria Street
London SW1H 0ET

Submitted via email lr.consultation@ukgi.gsi.gov.uk

London, May 26th 2016

Department for Business Innovation & Skills Consultation on moving Land Registry operations to the private sector

Dear Sirs,

Markit is pleased to submit the following comments to the department of Business Innovation & Skills (“**BIS**”) in response to its Consultation Document on *Moving Land Registry operations to the private sector* (the “**CP**”).

Markit¹ is a leading global provider of financial information services. Our services help financial markets function properly while also levelling the playing field and ensuring that competition is effective. Founded in 2003, we employ over 4,000 people in 11 countries and our shares are listed on Nasdaq (ticker: MRKT).

Markit provides many business-critical services in an efficient and effective manner to a large range of market participants, and we have gathered extensive experience in handling sensitive information. We are also experienced at making relevant information available in easily digestible formats to both wholesale and retail clients around the globe. Services that are relevant in the context of this CP include:

- (i) Markit Digital: Markit Digital specialises in delivery and presentation of financial data in a seamless manner for elegant user experiences.²
- (ii) Trade processing: Markit’s derivative trade processing platforms facilitate electronic confirmation and matching of a significant portion of OTC derivatives transactions worldwide.³
- (iii) Environmental Registry: Markit’s environmental registry allows firms to track global carbon, water and biodiversity credits.⁴
- (iv) Enterprise Data Management (EDM): Markit’s EDM is a data management platform that helps firms acquire, validates and distributes trade, operational, risk, finance and customer data.⁵

Introduction

Given our relevant experience, we read with great interest the CP outlining the government’s objectives to:

- 1) Maximise upfront proceeds for the Exchequer;
- 2) Allow the classification of the new service delivery organisation to the private sector; and
- 3) Deliver a modern, digitally based service that benefits Land Registry Customers and taxpayers.⁶

¹ See www.markit.com for more details.

² See <http://www.markit.com/Product/Markit-Digital> for more details

³ See <http://www.markit.com/product/markitserv> for more details

⁴ See <http://www.markit.com/product/registry> for more details

⁵ See <http://www.markit.com/product/edm> for more details

⁶ Para. 41(3)

We agree that there are clear potential benefits in moving the Land Registry into private ownership and the government can use this opportunity to further its specified objectives including maximising the potential of the data contained in the Land Registry to the benefit of the people and the country. We believe the private sector would be best placed to bring essential operational and digital expertise to operating the Land Registry in order to meet the desired “wholesale business transformation”⁷ and “deliver an improved service to customers”.⁸

Comments

Markit is supportive of the government’s objectives and believes they could potentially lead to significant improvements in the efficiency of the Land Registry and promote further innovation in the use of its data. To achieve its objectives, it will be important for the government to generate sufficient private sector interest in undertaking the operations of the Land Registry and it would be helpful to provide further clarification on some of the key aspects of the proposal. In particular we recommend that: (a) the government should clarify issues around the ownership, intellectual property, and licencing of the data stored in the Land Registry; (b) any contract awarded be sufficiently long term to unlock the necessary investment and commitment from private sector entities; and (c) the government should allow for flexibility in terms of how the services might be provided.

Our answers to specific questions are:

Question 2 - What steps should government take and what safeguards should it put in place to ensure continued and improved access to high-quality and reliable Land Registry data?

We are supportive of the government’s proposals and preferred option to privatise the Land Registry with a contract between government and private operator, as set out in the CP.⁹ In order to ensure innovation and access to Land Registry data we have the following suggestions.

The CP does not clarify any conditions around the right to use information on the Registers and also proposes that the “ownership of the Registers would not change” and that the registers’ “intellectual property and rights would remain under the ownership of the Crown and managed within government under the authority of the Controller of Her Majesty’s Stationary Office”.¹⁰ However, the CP also envisages that “private sector ownership [of data held by Land Registry] could incentivise the organisation to make the most of this potential, maximising the accessibility of Land Registry’s data and driving the creation of innovative, new products for the public”.¹¹ The government will need to clarify these potentially contradictory proposals and the conditions under which data could be used to create commercial products to help maximise the potential of the data held in the Register.

Furthermore, we support the government’s priority of “maintaining a single authoritative register” controlled by a single private operator.¹² The contractual framework will need to sufficiently incentivise a private entity to take over the operations of the Land Registry, especially given the upfront payment that government is hoping to receive and investment needed to transform the operations. This could be done by ensuring that the right to create new commercial products from the data of the Land Registry belongs solely to the private operator. To ensure there is an incentive to innovate, we would support safeguards to ensure the availability of the data could not be reduced.

⁷ Para. 29

⁸ Para. 31

⁹ Section 6.5.1

¹⁰ Para. 44

¹¹ Para. 33

¹² Para. 85

Question 7 - Do you agree with the preferred option?

Yes, we are supportive of the government's preferred option to privatise the Land Registry with a contract between government and private operator, as set out in the CP.¹³ However, in order to ensure that a private operator would be willing to make the substantial investments required to transform and digitise the Land Registry business and to realise the potential of its data (and so maximise the proceeds for the Exchequer), the contract term should sufficiently long term. The shorter the time period of the contract, the smaller the government's capital receipt and the smaller the investment an operator would be willing to make in modernising the business. Furthermore, it will be important for the contractual framework to contain sufficient protections for the operator's intellectual property (commercial products created by the private operator in the duration of the contract) and access to historical data following the expiry of the contract to sustain the established products.

BIS asserts that economies of scale would be best achieved through provision of the service by a single entity without the complications of transferring the skilled Land Registry workforce to different entities and the ensuing negotiations that the government would have to enter into with all the operators.¹⁴ Also, given the short timelines envisaged by BIS to achieve the privatisation,¹⁵ a "split between multiple NewCos" does not seem desirable. In the case of multiple operators, the operator of the Land Registry would also need to manage relationships with the entity creating commercial products and operator of consultancy services as well as with the government which would mean increased cost for the operator and hence for the wider public. Therefore, although we broadly agree with the government that the role is likely to be best performed by a single entity, the government should maintain a flexible approach and be willing to consider several entities working together and splitting up tasks between them if this was demonstrated to be a more efficient and effective solution.

We hope that our above comments are helpful. We would be more than happy to elaborate or further discuss any of the points addressed above in more detail. If you have any questions, please do not hesitate to contact David Cook (david.cook@markit.com) or the undersigned.

Yours sincerely,



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¹³ Section 6.5.1

¹⁴ Para. 85

¹⁵ The consultation states "any change needs to be deliverable in the short term" (Para. 40)

Response form: consultation on moving Land Registry operations to the private sector

Name: David Cook

Organisation (if applicable): Markit

Address: 4th Floor, Ropemaker Place, 25 Ropemaker Street, London, EC2Y 9LY

	Respondent type
<input type="checkbox"/>	Business representative organisation/trade body
<input type="checkbox"/>	Central government
<input type="checkbox"/>	Charity or social enterprise
<input type="checkbox"/>	Individual
<input checked="" type="checkbox"/>	Large business (over 250 staff)
<input type="checkbox"/>	Legal representative
<input type="checkbox"/>	Local government
<input type="checkbox"/>	Medium business (50 to 250 staff)
<input type="checkbox"/>	Micro business (up to 9 staff)
<input type="checkbox"/>	Small business (10 to 49 staff)
<input type="checkbox"/>	Trade union or staff association
<input type="checkbox"/>	Other (please describe)

At BIS we carry out our research on many different topics and consultations. As your views are valuable to us, would it be okay if we were to contact you again from time to time either for research or to send through consultation documents?

Yes

No