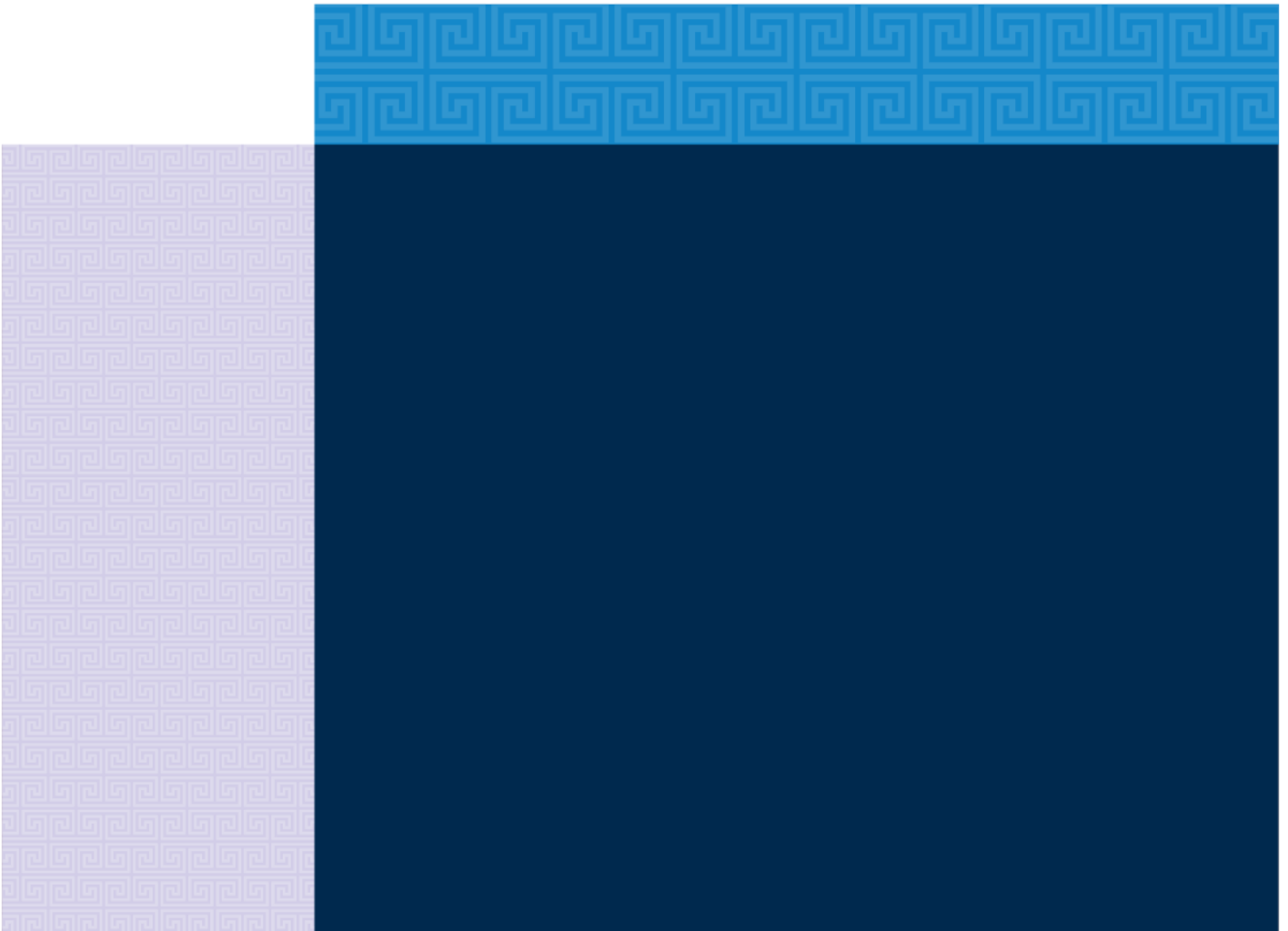




Bank of England Supervisory Statement

# Non-binding Bank materials relating to Financial Market Infrastructure Supervision: The Bank's approach after the UK's withdrawal from the EU

December 2020





**BANK OF ENGLAND**

Supervisory Statement

# Non-binding Bank materials relating to Financial Market Infrastructure Supervision: The Bank's approach after the UK's withdrawal from the EU

December 2020

(Updating April 2019)

## **1 Introduction**

1.1 This Supervisory Statement (SS) sets out how Financial Market Infrastructures (FMIs) should interpret existing Bank supervisory materials in light of the UK's withdrawal from the EU and the end of the transition period.

1.2 This SS is relevant to all Bank supervised FMIs operating, or intending to operate, in the United Kingdom (UK). The Bank may issue further expectations in relation to this topic.

1.3 The UK's membership of the EU came to an end on Friday 31 January 2020. The UK entered into a transition period lasting until 11pm on Thursday 31 December 2020, which is defined in UK law as 'IP completion day', during which EU law continued to apply to the UK.

1.4 HM Treasury has used its powers under the European Union (Withdrawal) Act 2018 (the 'Act') to ensure that the UK would continue to have a functioning financial services regulatory regime after the end of the transition period. To do this, it has ensured that EU-derived laws and rules that were in place in the UK before IP completion day continue to apply in the UK to the extent that they remain operable. Changes have only been made to those laws or rules that would otherwise not operate appropriately. This provides continuity and certainty for firms and FMIs after the end of the transition period.

1.5 Setting out the Bank's approach to its non-binding materials after the end of the transition period also helps provide certainty to firms.

## **2 Supervisory expectations for FMIs on the UK's withdrawal from the EU and the end of the transition period**

2.1 The Bank of England has issued various materials in relation to its supervision of FMIs:

- The Bank of England's approach to the supervision of FMIs.
- The Bank of England's approach to the supervision of services providers to recognised payments.
- The Policy Statement (PS) on financial penalties imposed by the Bank under FSMA 2000 or under part 5 of the Banking Act 2009.
- The implementation by the Bank of England of ESMA's guidelines and recommendations on CCP interoperability arrangements.
- The PS on the giving of directions to qualifying parent undertakings of UK recognised clearing houses.
- The statutory statements of procedure in respect of the Bank of England's supervision of financial market infrastructures.
- The guidance on recognised clearing houses for insolvency practitioners.
- The Policy Statement on the Enforcement Decision Making Committee
- The Statement of Policy on the Interpretation of EU Guidelines and Recommendations

- Other relevant material on the Bank’s financial market infrastructure supervision website.<sup>1</sup>

2.2 The Bank has not made line-by-line amendments to the materials listed above before the end of the transition period. However, after the end of the transition period, firms should read and interpret these materials in light of the UK’s withdrawal from the EU, as well as the amendments that have been made to related legislation, including FMI rules and Binding Technical Standards, under the European Union (Withdrawal) Act 2018. For example, references to the role of the European Supervisory Authorities (ESAs) or to colleges established under EU law would no longer be relevant. Firms should also interpret these materials in light of the use of any relevant transitional relief, including that provided by the Bank under the temporary transitional power.

2.3 More information on the Bank’s general approach to amending financial services legislation is available in CP25/18 ‘The Bank of England’s approach to amending financial services legislation under the European Union (Withdrawal) Act 2018’.<sup>2</sup>

<sup>1</sup> All relevant material can be found on the Bank website: <https://www.bankofengland.co.uk/financial-stability/financial-market-infrastructure-supervision>.

<sup>2</sup> October 2018: <https://www.bankofengland.co.uk/paper/2018/the-boes-approach-to-amending-financial-services-legislation-under-the-eu-withdrawal-act-2018>.