

Please note: This letter has been prepared for the website. This letter may differ slightly from the versions sent directly to firms.

Christina Segal-Knowles  
Executive Director  
Financial Market Infrastructure Directorate

30 November 2020

Dear Chief Executive Officer

1. This letter is a reminder in relation to your CCP's preparations for the end of the transition period to maintain access to the UK market for your CCP. The transition period, which began when the UK left the EU on Friday 31 January 2020, is due to end at 11pm on 31 December 2020.
2. To provide continuity while the recognition process is underway, the UK's Temporary Recognition Regime (TRR) for non-UK CCPs will come into effect at 11pm on Thursday 31 December 2020. The TRR provides legal certainty and enables eligible non-UK CCPs to continue to provide clearing services and activities in the UK for up to 3 years, and is extendable by HM Treasury in increments of up to 12 months each.

*What to do now*

3. Details of CCPs which have already notified the Bank of England that they intend to enter the TRR can be found [here](#). If you have already notified you do not need to do anything further. An eligible non-UK CCP that has submitted a notification or recognition application will automatically enter the TRR and remain there, so long as it continues to meet the eligibility criteria. **If you are no longer eligible for the TRR, or if your CCP's details are not correctly noted, please inform us as soon as practicable.**

*During the Temporary Recognition Regime*

4. We would like to take this opportunity to remind you that a CCP in the TRR is subject to certain obligations and conditions under the relevant legislation. In particular:
  - a. a CCP must be authorised in accordance with Article 17 of EU EMIR, recognised in accordance with Article 25 of EU EMIR or meet the requirements of the transitional provision in Article 89.4 of EU EMIR. **The CCP should inform the Bank using the email address below if there are any material changes that affect, or are likely to affect, its eligibility.**
  - b. a CCP in the TRR is only recognised to provide the services in the UK which they were able to provide in the EEA as of the end of the transitional period.
5. The Bank will be in touch with you in due course if we require further information about your CCP for the purposes of the Bank's operation of the TRR.

*Next steps*

6. The Bank wrote to non-UK CCPs on 20 December 2017 to outline how we envisage the process for recognition would take place following the UK's withdrawal from the EU. Since then HMT has made certain revisions to the UK legislative framework for recognition of non-UK CCPs. These changes reflect recent EU legislation – known as EMIR 2.2 – that is being onshored in the UK with certain amendments to make the regime operable by the UK authorities.
7. In light of these developments, we would also like to draw your attention to recent legislation that **extends the deadline for submission of recognition applications by non-UK CCPs in the TRR (if they have not already done so) from 6 months to 18 months after the end of the transition period.**
8. If you have already submitted a recognition application your application will still carry forward and no further action is required unless and until we request any further information. If you have not yet submitted an application, you have until 30 June 2022 to do so. The Bank may require additional information from CCPs to support its assessment of their systemic importance. We may update our application materials to reflect this.
9. Amendments to the EU legislative framework for CCPs, known as EMIR 2.2, mean that third country CCPs seeking recognition in the EU will be divided into tiers depending on their systemic importance to the EU. ESMA will have greater supervisory powers over those third-country CCPs deemed systemically important.
10. The UK is retaining the EMIR 2.2 framework in UK law after the transition period ends, and the Bank will take responsibility for finalising policy on important areas of the implementation of EMIR 2.2 in the UK, including specifying further the approach to dividing non-UK CCPs into tiers. Non-UK CCPs that are determined to be 'tier 2' may be subject to greater supervisory oversight by the Bank. The Bank is currently considering its policy approach in these areas and will set out further details in due course including any changes to the required recognition application material.
11. The Bank of England stands ready to provide assistance if you have any questions. Please direct your enquiries, to [FMI-enquiries@bankofengland.co.uk](mailto:FMI-enquiries@bankofengland.co.uk) along with a contact name and details for further discussions.

Yours sincerely,



Christina Segal-Knowles  
Executive Director, Financial Market Infrastructure Directorate