



HM Treasury

Bank of England PRA



Bank of England

# Memorandum of Understanding between HM Treasury, the Bank of England, the Prudential Regulation Authority and the Financial Conduct Authority:

## **Overseas Recognition Regimes**

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July 2025



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Understanding between HM  
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England, the Prudential  
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## General Responsibilities

1.1 This Memorandum of Understanding sets out how HM Treasury, the Bank of England, the Prudential Regulation Authority (PRA) and the Financial Conduct Authority (FCA) will co-ordinate the discharge of their respective functions in relation to Overseas Recognition Regimes, including the making of Overseas Recognition Regimes determinations and the provision of regulatory advice.

1.2 Overseas Recognition Regimes are legislative provisions that allow HM Treasury ministers, with Parliamentary oversight, to designate the regulatory framework (e.g., the rules, supervision and, where relevant, enforcement) of the financial services of any country or territory outside the United Kingdom (“overseas jurisdiction”). HM Treasury is responsible for determining whether to designate an overseas jurisdiction under an Overseas Recognition Regime, where such a function is provided for in legislation. HM Treasury may make designations which are partial, time-limited, or subject to other conditions. HM Treasury may also review and amend or revoke any designation at any time, in accordance with the provisions for making any Overseas Recognition Regime designation.

1.3 The Bank of England, the PRA and the FCA (“the regulators”) provide support to HM Treasury for matters relating to their regulatory functions, during the process of HM Treasury considering a new Overseas Recognition Regime designation. This includes the provision of advice to HM Treasury in connection with any consideration of a new designation under an Overseas Recognition Regime, or for reviewing an existing designation under an Overseas Recognition Regime.

1.4 Where such a function is provided for in legislation, the regulators are also responsible for establishing a process for recognising firms authorised in an overseas jurisdiction which operate in the UK under an Overseas Recognition Regime designation.

## Process for assessment of overseas jurisdictions

1.5 HM Treasury will decide whether an overseas jurisdiction, or any relevant regime within an overseas jurisdiction, should be considered for designation under any of the Overseas Recognition Regimes.

1.6 HM Treasury will inform the relevant regulator(s) when it initiates consideration of a new designation. Each regulator may also recommend to HM Treasury that it should initiate consideration of a new designation.

1.7 Where HM Treasury is considering a new designation, HM Treasury will request advice from the relevant regulator(s), other than in exceptional circumstances. This request will be in writing, to support HM Treasury’s assessment of a given overseas jurisdiction.

1.8 The regulators may also proactively provide advice to HM Treasury, in the absence of a formal request from HM Treasury.

1.9 HM Treasury will inform the relevant regulator(s) where it does not intend to formally request advice in support of an assessment.

1.10 HM Treasury and the regulators should closely coordinate their contributions to any Overseas Recognition Regime process.

## **Regulators' advice**

1.11 Before providing advice on a jurisdiction that is being assessed for designation, HM Treasury and the relevant regulator(s) should agree on the overall approach needed for an assessment of the jurisdiction, in accordance with the legislative requirements set out for a specified Overseas Recognition Regime and the relevant regulators' statutory objectives (including the Bank of England's Financial Stability Objective). This assessment should be proportionate.

1.12 The agreed approach should:

- Identify the relevant elements of the jurisdiction's regulatory framework that will be examined by the relevant regulator(s). These elements of regulation will be informed by the "matters to consider" set out in legislation for the specified Overseas Recognition Regime; and,
- Include a reasonable timeframe for the relevant regulator(s) assessment of the jurisdiction to be completed and for the regulator's advice to be submitted to HM Treasury. Expectations about the timeframe for providing advice will take into account resourcing implications for the regulators, the priority of the assessment, and should be proportionate to the nature of the request for advice.

1.13 The regulators will not be expected to provide advice on any aspect of an overseas jurisdiction's regime which goes beyond their functions as provided for by the Financial Services and Markets Act 2000.

1.14 The agreed scope of the advice will be set out in a letter from HM Treasury commissioning advice from the relevant regulator(s). It is for the relevant regulator(s) to determine the appropriate methodology to inform its advice within the scope of HM Treasury's request.

1.15 In its advice to HM Treasury, the relevant regulator(s) will:

- Summarise any significant differences in outcomes between the regulatory framework of the UK and the overseas jurisdiction which the relevant regulator(s) believe are important for HM Treasury to consider as part of the assessment process and in accordance with the matters to consider; and
- Give a view on whether any significant difference in outcomes of the regulatory framework identified by the regulator could pose a material risk to any of the relevant regulator(s)

statutory objectives, should the jurisdiction be designated under the specified Overseas Recognition Regime.

1.16 Subject to any relevant statutory obligations on HM Treasury and the relevant regulator(s), any advice that HM Treasury receives from the regulators will be kept confidential during HM Treasury's assessment process.

## **Procedure for contacting overseas jurisdictions and responding to overseas jurisdictions' communications**

1.17 HM Treasury will be primarily responsible for contacting and liaising with the authorities in an overseas jurisdiction responsible for exercising reciprocal functions. This may include regulatory and supervisory authorities in the overseas jurisdiction, but also overseas finance ministries where relevant functions are exercised at that level.

1.18 Where the regulators are responsible for contacting and liaising with the regulatory and supervisory authorities of the other jurisdiction, the regulators will include HM Treasury in correspondence. Both HM Treasury and the regulators will keep each other informed of relevant developments from their communications with the other jurisdiction.

## **Publication of advice and designations**

1.19 HM Treasury's Overseas Recognition Regime designations will be laid in Parliament using a Statutory Instrument (SI) under the negative procedure and made publicly available.

1.20 Overseas Recognition Regime designations will be accompanied by an Explanatory Memorandum (EM) and Impact Assessment (IA) setting out the justification for and impact of the designation. The EM will give an account of the advice that HM Treasury has received from the regulators, and any other evidence it has considered before making an Overseas Recognition Regime designation, being mindful of the need for confidentiality in certain cases.

1.21 When HM Treasury lays an instrument to make an Overseas Recognition Regime designation, the regulators are responsible for determining whether to publish a summary of their advice, as well as any materials they deem necessary.

1.22 The expectation is that the regulators' advice will not be published in advance of HM Treasury laying an Overseas Recognition Regime designation before Parliament.

## Other organisations

1.23 When necessary, HM Treasury may consult other organisations, including other government departments, as a part of assessing other jurisdictions for Overseas Recognition Regime designations.

## Process for initiating review of Overseas Recognition Regime designations

1.24 HM Treasury may review any existing Overseas Recognition Regime designations.

1.25 HM Treasury will inform the relevant regulator(s) when it initiates consideration of a review of an existing Overseas Recognition Regime designation.

1.26 In deciding whether to review an existing designation, HM Treasury will be guided by the policy outcomes set out in the legislation containing the Overseas Recognition Regime.

1.27 Each regulator may recommend to HM Treasury that a review of an Overseas Recognition Regime designation is undertaken in response to material changes in either regulatory framework and may submit information to HM Treasury in support of their recommendation for a review.

1.28 Each regulator may also request a review of an Overseas Recognition Regime designation if they have concerns arising from their statutory objectives (including financial stability, safety and soundness, market integrity, consumer protection or competition implications).

1.29 HM Treasury will request advice from the relevant regulator(s) to support the review of existing Overseas Recognition Regime designations, other than in exceptional circumstances. Such requests will be made in writing to the relevant regulator(s). HM Treasury will inform the relevant regulator(s) of its need for advice within a reasonable timeframe so that the relevant regulator(s) can organise their resources accordingly.

1.30 Each regulator may also proactively provide advice to HM Treasury to assist the review of existing Overseas Recognition Regime designations, in the absence of a formal request from HM Treasury.

1.31 Reviews may be undertaken periodically or at any time, or in response to material changes to the regulatory framework. This does not prejudice HM Treasury's ability to revoke existing Overseas Recognition Regimes designations at any time.

## **Monitoring existing Overseas Recognition Regimes designations**

1.32 HM Treasury and the regulators will maintain an appropriate level of engagement with overseas jurisdictions where Overseas Recognition Regime designations have been made to monitor changes to the regulatory framework and all other relevant aspects of that jurisdiction.

1.33 Where relevant, cooperation arrangements between the UK and overseas finance ministries and/or regulatory authorities shall be set out in separate MoUs.

## **Interaction between the FCA, the PRA and the Bank of England in areas of joint competence**

1.34 HM Treasury will seek advice from regulators in relation to their areas of competence (e.g., the Bank in relation to Central Counterparties and the FCA in relation to trading venues). When advice is requested by HM Treasury on areas of competence shared by more than one regulator, the 'lead regulator' should provide the advice after consulting the other regulator. In some cases, the regulators may provide advice on different aspects of a designation, according to their functions.

## **Review of MoU**

1.35 This MoU may be reviewed at the request of HM Treasury or the regulators.



### **HM Treasury contacts**

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