

2024

**Memorandum of Understanding
concerning cooperation and the exchange of
information related to the supervision of LCH SA
and areas of common supervisory interest relating to
both LCH SA and LCH Ltd as sister entities**

FRANCE

**Autorité de contrôle prudentiel et
de résolution**

Autorité des marchés financiers

Banque de France

UNITED KINGDOM

Bank of England

MEMORANDUM OF UNDERSTANDING

Recitals

- A. The Autorité de contrôle prudentiel et de résolution (ACPR), the Autorité des marchés financiers (AMF) and the Banque de France are the French National Competent Authorities under Regulation (EU) No 648/2012 of the European Parliament and Council of 4 July 2012 on OTC derivatives, central counterparties and trade repositories (“EMIR”). As such, they are responsible, pursuant to their respective mandate, for the supervision of central counterparties located in France.

- B. The European Securities and Markets Authority (‘ESMA’) fulfils, in accordance EMIR and in relation to CCPs established in the EU (‘EU CCPs’), a coordination role between competent authorities of EU CCPs and across EU CCP colleges with a view to building a common supervisory culture and consistent supervisory practices, ensuring uniform procedures and consistent approaches, and strengthening consistency in supervisory outcomes, especially with regard to supervisory areas which have a cross-border dimension or a possible cross-border impact. ESMA is also tasked, under EMIR, with recognition and tiering of CCPs established outside of the EU (‘third-country CCPs’) and with supervision of systemically important third-country CCPs (‘Tier 2 third-country CCPs’).

- C. The Bank of England (‘the Bank’) has an objective to protect and enhance the stability of the UK financial system as set out in section 2A of the Bank of England Act 1998. The Bank has particular responsibilities to supervise certain market infrastructure (recognised payment systems, securities settlement systems and central counterparties). In particular, the Bank has responsibility for recognising and, where needed, supervising non-UK central counterparties (‘incoming CCPs’) intending to provide clearing services to clearing members or trading venues established in the UK under the on-shored European Market Infrastructure Regulation (‘UK EMIR’).¹

- D. In the recognition process for incoming CCPs, the Bank is required to ‘tier’ the incoming CCPs based on the degree to which the CCP poses, or is likely to pose, risk to UK financial stability. As set out in the published Statement of Policy on tiering (‘the SoP’),² the Bank commits to the principle of deference where possible for the supervision and regulation of incoming CCPs as it believes deference reduces the risk of regulatory duplication and preserves the benefits of cross-border clearing activities.

- E. The Bank’s tiering approach builds on the principle of deference, and enables the Bank to designate an incoming CCP that is considered potentially systemically important or

¹ See in particular Article 25 of Regulation (EU) 648/2012 of the European Parliament and of the Council of 4 July 2012 on OTC derivatives, central counterparties and trade repositories as it forms part of retained EU law, and in particular as amended by the Over the Counter Derivatives, Central Counterparties and Trade Repositories (Amendment, etc., and Transitional Provision) (EU Exit) Regulations 2020. Unless otherwise stated, any references to EU or EU-derived legislation refer to the version of the legislation which forms part of retained EU law.

² See [‘The Bank of England’s approach to tiering of incoming central counterparties under EMIR Article 25’](#), published on 30th June 2022.

likely to become systemically important to the UK financial stability as ‘Tier 1’ and be primarily supervised and regulated by its home authority. This is provided that a relationship of trust, based on an appropriate framework for cooperation and information sharing exists or will be established between the home regulatory and supervisory authorities the ACPR, the AMF, the Banque de France and the Bank, and that the Bank, through the informed reliance assessment, is satisfied with the extent to which the Bank is able to place reliance on the home authority’s regulation and supervision, including that of other relevant authorities responsible for the regulation of CCPs domiciled in France.

- F. To that end, the ACPR, the AMF and the Banque de France, responsible for the supervision of CCPs in France, and the Bank wish to enter into this Memorandum of Understanding (‘MoU’) to provide a formal basis for, and set out the details of, cooperation and exchange of information with respect to the supervision of LCH SA as an incoming CCP that is considered potentially systemic to the UK.
- G. This MoU and the implementation of cooperation and exchange of information noted in the MoU will feed into the Bank’s consideration of whether the recognition requirements for LCH SA specified under the UK EMIR Article 25, and further supplemented by the published SoP, are satisfied. This MoU is intended to facilitate the cooperation and exchange of information when and for as long as LCH SA is recognised as a Tier 1 CCP according to UK EMIR Article 25. A change in tiering status of LCH SA could lead to changes in this MoU.
- H. It is the mutual understanding of the ACPR, the AMF, the Banque de France and the Bank that the cooperation arrangements for supervision specified under this MoU recognise the primacy of the ACPR, the AMF, the Banque de France and the authorities’ mandate in the supervision of LCH SA; they are also based on mutual respect for each jurisdiction’s current regulatory regime and each authority’s supervisory practices, and are in line with the G-20 St Petersburg Declaration on regulatory and supervisory deference. The ACPR, the AMF, the Banque de France and the Bank will implement the cooperation arrangements specified under this MoU with good faith, and will be guided by the 2020 IOSCO Good Practices on processes for deference.
- I. It is the mutual understanding of the ACPR, the AMF, the Banque de France and the Bank that the Bank’s informed reliance assessment also takes into account the regulatory regime implemented in relation to LCH SA, which includes a relationship of trust and mutual respect with other relevant authorities responsible for the regulation of CCPs domiciled in France.
- J. It is also the mutual understanding of the ACPR, the AMF, the Banque de France and the Bank that the particular relationship between LCH Ltd and LCH SA as sister entities (as further described in paragraph 10), calls for further co-operation and co-ordination in relation to Areas of Common Interest (as defined in paragraph 4) between the Authorities under this MoU that have responsibilities for the supervision and oversight of LCH Ltd and LCH SA respectively.
- K. To that end, this MoU also covers expectations of the Authorities related to the exchange of information and co-operation on Areas of Common Interest (as defined in

paragraph 4 below) in order to promote effective supervision and oversight of the two CCPs.

Article One: Definitions

For the purpose of this MoU:

1. **“Authority”** means a signatory to this MoU or any successor thereto.
2. **“Requesting Authority”** means the Authority making a request under this MoU.
3. **“Requested Authority”** means the Authority to which a request is made under this MoU.
4. **“Areas of Common Interest”** means issues which materially affect both LCH SA and LCH Ltd by virtue of the fact that LCH SA and LCH Ltd are sister entities under LCH Group Holdings Ltd, within the London Stock Exchange Group. This may include strategies or other issues emanating at Group level which would impact both LCH SA and LCH Ltd, where known.
5. **“Applicable Laws and Requirements”** means
 - a. For the ACPR, the AMF and the Banque de France:
 - i. Regulation (EU) No 648/2012 of the European Parliament and Council of 4 July 2012 on OTC derivatives, central counterparties and trade repositories (“EMIR”), and its amendments, as well as the associated level 2 binding technical standards (RTS No153/2013) and their amendments, and related level 3 guidelines, principles, policy and supervisory statements;
 - ii. the Code Monétaire et Financier, especially Art. L. 440-1 to L. 440-10, L.330-1 to L. 330-4, L.511-1 et seq., and the rules and regulations promulgated thereunder, as well as any other applicable legal and regulatory requirements in France.
 - b. For the Bank, the UK Financial Services and Markets Act 2000 (“FSMA”), Regulation (EU) No. 648/2012 of the European Parliament and of the Council of 4 July 2012 on OTC derivatives, central counterparties and trade repositories as applicable in the UK (“EMIR”) and associated level 2 binding technical standards, the Financial Services and Markets Act 2000 (Over the Counter Derivatives, Central Counterparties and Trade Repositories) Regulations 2013, the Bank rules, and other applicable legal or regulatory requirements in the United Kingdom.
6. **“Emergency Situation”** means the occurrence of an event that could materially impair the financial or operational condition of LCH SA or LCH Ltd, including a crisis scenario leading to the potential recovery or resolution of LCH SA or LCH Ltd.
7. **“Institutions, Public and Administrative Authorities”** means

If the Requesting Authority is the Bank:

- a. The Prudential Regulation Authority, in respect of its supervisory responsibility for banks, building societies, designated investment firms and insurers pursuant to sections 2A and 2AB of the Financial Services and Markets Act 2000;
- b. The Financial Conduct Authority, in respect of its supervisory responsibility for other market participants and markets pursuant to section 1A of the Financial Services and Markets Act 2000.

If the Requesting Authority is the ACPR, the AMF or the Banque de France:

- a. The ACPR, the AMF or the BdF, as relevant, each in respect of their supervisory responsibilities for banks, management companies, investment firms pursuant to the provisions of the Code Monétaire et Financier.
8. “**Person**” includes a natural person, unincorporated association, partnership, trust investment company or corporation, and may be a CCP.

Article Two: General Provisions

- 9. The MoU is a statement of intent to consult, cooperate, and exchange information in connection with each of the Authorities’ functions related to LCH SA and to Areas of Common Interest in relation to LCH SA and LCH Ltd. The coordination, cooperation and information sharing arrangements, and any other practices under this MoU, will be interpreted and implemented in a manner and to the extent that is permitted by, and consistent with, the laws and requirements that govern each Authority.
- 10. LCH SA and LCH Ltd are sister entities within the London Stock Exchange Group (LSEG). This MoU recognises the importance of an ongoing relationship of reciprocity between the Authorities in carrying out their regulatory and supervisory functions in relation to LCH SA, where the ACPR, AMF and the Banque de France are the home authorities, and LCH Ltd, where the Bank is the home authority. The Authorities agree to discuss with each other topics of common interest pertaining to LCH SA and LCH Ltd and, where appropriate, seek to coordinate their activities to seek a joined-up approach on supervisory matters under Areas of Common Interest.
- 11. The provisions of this MoU are subject to the right of the jurisdiction of either Authority, at any time following notification, to deny cooperation:
 - a. where the cooperation would require an Authority to act in a manner that would violate its Laws and Regulations, or other law or regulation applicable to it, or statutory objective;
 - b. on the grounds of national public interest for any of the Authorities.
- 12. As of the date of this MoU and subject to its terms, with respect to coordination and cooperation, no domestic laws or regulations, including those set by other relevant authorities with regulatory responsibility for LCH SA and LCH Ltd, would prevent an Authority from providing assistance to the other Authority.
- 13. This MoU does not create any legally binding obligations, confer any rights, modify or supersede Applicable Laws and Requirements or fetter the discretion of the Authorities. This MoU does not confer upon any Person the right or ability directly or indirectly to obtain, suppress, or exclude any information or to challenge the execution of a request for assistance under this MoU.
- 14. This MoU does not limit or condition the discretion of an Authority in any way in the discharge of its regulatory and supervisory responsibilities, or prejudice the individual responsibilities or autonomy of any Authority.
- 15. This MoU is intended to supersede the following existing arrangements:
 - a. Memorandum of Understanding (MoU) on co-operation relating to the Supervision and Oversight of the activities within LCH.Clearent Group (signed on February 3, 2005).

16. This MoU does not supersede or modify the following existing arrangements on CCPs domiciled in the UK where the Bank is the primary authority accountable for regulation and supervision, which the ACPR, the AMF or the Banque de France is a signatory of:
 - a. Multilateral Arrangement for Regulatory, Supervisory and Oversight Cooperation on LCH Ltd;
 - b. The Multilateral Memorandum of Understanding on Cooperation for Information Sharing Regarding Participants in a Clearing or Settlement System
 - c. Multilateral Arrangement for Regulatory, Supervisory and Oversight Co-operation on ICE Clear Europe;
 - d. Multilateral Arrangement for Regulatory, Supervisory and Oversight Co-operation on LME Clear Limited.
17. This MoU is without prejudice to ESMA's role and powers in respect of third-country CCPs under Chapter 4 of Title III of EMIR, and as such does not supersede or modify the MoU between the Bank and ESMA in relation to CCPs established in the UK ('Memorandum of Understanding between ESMA and the Bank of England to set out arrangements for cooperation on the monitoring and supervision of CCPs established in the UK') concluded on 23 September 2020.
18. The Authorities acknowledge that they may be party to other MoUs and, where relevant, will clarify in requests which MoU the request relates to. This MoU does not affect any arrangements under other MoUs unless specifically noted otherwise.
19. Cooperation in accordance with this MoU will become effective on the date this MoU is signed by the Authorities.
20. The Authorities agree to this MoU being made publicly available. The signatures and contact details will not be made public.
21. The Authorities will endeavour to reach an understanding on the interpretation and application of this MoU. Where the Authorities encounter material differences of views related to the interpretation of a provision in this MoU, they should endeavour to make good faith efforts, through cooperation, consultations, and discussions, to resolve such differences in order to reach a mutually acceptable resolution. To efficiently resolve material differences that may arise, the Authorities intend to apply clear processes for engagement, including:
 - a. An Authority that disagrees with a matter related to the interpretation of this MoU should provide the other Authority with a reasoned notice explaining its concerns;
 - b. The Authority receiving the notice should respond in a timely manner and provide an opportunity for discussion; and
 - c. The Authorities should engage in good faith efforts to resolve differences in an amicable and equitable manner among the appropriate senior staff members.

If the Authorities, after engaging in good faith in the steps outlined in this paragraph 21, still cannot reach an agreement, the ACPR, AMF and Banque de France should be recognised as the authorities with ultimate responsibility for the resilience of LCH SA and shall take the supervisory and regulatory decision and any other action they consider appropriate. The ACPR, AMF and Banque de France recognise that the Bank, while respecting the ACPR, AMF and Banque de France' ultimate responsibility for the resilience of LCH SA, may also take actions it considers appropriate, in line with its statutory responsibilities.

22. The Authorities will periodically review the functioning and effectiveness of the cooperation arrangements between the ACPR, the AMF, the Banque de France and the

Bank with a view, inter alia, to expanding or altering the scope or operation of the arrangements should that be judged necessary. The Bank will take into consideration any reviews of the terms and effectiveness of the cooperation arrangements in order to judge the appropriateness of the tiering outcome of LCH SA. This MoU may be amended with the written consent of the Authorities, including in consideration of changes in the regulatory status of, relief granted to, or supervisory treatment of LCH SA or in the relevant regulatory regime in either jurisdiction.

23. Cooperation in accordance with this MoU will continue until the expiration of 90 calendar days after either Authority gives written notice to the other Authority of its intention to terminate the MoU. If an Authority gives notice of termination, the Authorities will consult with each other concerning the disposition of any pending requests. If an understanding cannot be reached through consultation, cooperation will continue with respect to all requests for assistance involving a terminating Authority that were made under this MoU before the expiration of the 90-day period until all such requests are fulfilled, or the Requesting Authority withdraws such request(s) for assistance.
24. It is the mutual understanding of the Authorities that any amendments to this MoU or any breach of the terms of the MoU, or the termination of this MoU, may affect the tiering outcome and/or the recognition status of the LCH SA.

Article Three: Supervisory coordination, cooperation and exchange of information

General

25. Given the comprehensiveness of the supervisory regime and regulatory framework for CCPs that both jurisdictions have in place, the Bank will endeavour to rely upon the regulatory framework being in place in France and the supervision by the ACPR, the AMF and the Banque de France of LCH SA, to the greatest extent appropriate, on the basis of sufficient cooperation and information sharing arrangements being in place with the ACPR, AMF and the Banque de France, and to the extent permitted by applicable Law and Regulations.
26. It is the mutual understanding of the Authorities that deference to the home regulatory and supervisory authorities for LCH SA in the context of UK EMIR is based upon close cooperation and the Authorities' mutual respect for each jurisdiction's regulatory regime and each Authority's supervisory practices. It is also the mutual understanding of the Authorities that above-mentioned deference is a dynamic decision, sustained by proportionate cooperation arrangements and sufficient information sharing with the ACPR, AMF and the Banque de France.
27. To that end, for the Bank to be able to place reliance on the home regulatory and supervisory authorities for LCH SA, and gain sufficient assurance that the home regime is delivering equivalent outcomes that meet the Bank's statutory objective for safeguarding the UK's financial stability, the ACPR, AMF and the Banque de France will proactively and to the extent possible engage, cooperate, consult, and share information with the Bank in general, and intends to meet the elements specified under Article Three on a continuous basis.
28. It is also the mutual understanding of the Authorities that further assistance including supervisory coordination, cooperation, and exchange of information, may be requested on ad-hoc basis when necessity arises, including by any Authority under this MoU regarding Areas of Common Interest related to LCH SA and LCH Ltd.

29. Requests for ad-hoc assistance or provision of information that are not specified under Article Three will be made in writing to the nominated contact points (including by email), or made orally and, unless otherwise agreed, confirmed in writing. In an Emergency Situation, requests for information may be made in any form, including orally, provided that such communication is confirmed in writing as promptly as possible following the request.
30. To facilitate assistance, the Requesting Authority should specify in any written request the information or other assistance requested and the desired time within which the information sought should be provided. The Requested Authority may request further clarification ahead of responding to the request.
31. Each request for assistance will be assessed on a case-by-case basis by the Requested Authority, to determine whether assistance can be provided (either in part or in whole) under the terms of this MoU. In any case where the request cannot be fulfilled in part or as a whole, the Requested Authority will consider whether there may be other assistance that can be given by itself or by any other authority in its jurisdiction and, wherever possible, will endeavour to provide this.
32. The Authorities will provide a list of nominated contact points to which information or requests for information or assistance under this MoU should be directed. This is detailed in Appendix 1 and should be reviewed annually.

Supervisory coordination and cooperation

33. Each Authority understands that cooperation in relation to LCH SA includes practices as set out below:
 - a. Quarterly bilateral engagement – On a quarterly basis, staff at working level of each Authority will meet to discuss supervision of LCH SA, as well as any aspect related to provisions in paragraph 33. The LCH SA annual Global College meeting may be included as one of the quarterly bilateral meetings. Senior management will join at least one of these meeting per year. The Authorities will meet in person for one of the quarterly bilateral engagements when possible.
 - b. Multilateral engagement – the ACPR, AMF and the Banque de France will invite the Bank, to the extent possible, to participate in multilateral fora discussing issues related to the supervision of LCH SA. These multilateral fora may include supervisory colleges, crisis management groups, and interoperability roundtables, where applicable.
 - c. Supervisory reviews – Based on the work plans the ACPR, AMF and the Banque de France share in quarterly bilateral engagement, the Bank will request involvement in a supervisory review that it would like to participate in, to the extent possible and where relevant and in principle on an annual basis, under the leadership of the Home Authority. The supervisory review may be an on-site supervisory-driven review, desk-based review such as model reviews, or any other review undertaken by the ACPR, AMF and the Banque de France that is relevant to the supervision of LCH SA. Both authorities will liaise to agree the details of the Bank's participation.
34. Concerning Areas of Common Interest in relation to LCH SA and LCH Ltd, it is the mutual understanding that the Authorities will co-operate to assist each other to perform their

respective functions and ensure effective oversight and supervision of those CCPs, which could include activities:

- a. To discuss key risks identified as being in common to LCH SA and LCH Ltd as sister entities;
 - b. To identify where supervisory co-operation would be appropriate in relation to Areas of Common Interest.
35. In addition to the periodic meetings mentioned in paragraph 33(a), ad-hoc meetings may be arranged on the initiative of each Authority to discuss particular issues in relation to Areas of Common interest. In this context, representatives of CCPs may be invited to attend the meetings with the Authorities.

Information sharing

36. Each Authority understands that the information on LCH SA which the ACPR, AMF, and the Banque de France proactively provides to the Bank on periodic bases is as set out below.
37. Other than monthly data items, which will be shared in a mutually agreeable data format, all information detailed in the paragraphs 38 to 40 will be shared orally, or in written form where appropriate, proportionate, and mutually agreeable.
38. Monthly and annual items should be shared with the nominated contact points of this MoU; quarterly items should be shared ahead of or during quarterly meetings. The authorities may also otherwise mutually agree meetings on an ad-hoc basis. Pursuant to UK EMIR, with regards to the information to be provided in respect of LCH SA as a Tier 1 CCP, the items below will be shared on a proactive basis.

Monthly item

- a. Data reports on LCH SA – On a monthly basis, data reports covering all relevant services of LCH SA relevant to UK financial stability will be provided. In particular, the data reports will focus on clearing services provided by LCH SA to UK market participants, and include data on margin, collateral, and other key indicators, as agreed between staff of the Authorities.

Quarterly items, which enable the Bank to place reliance on the supervision of the ACPR, the AMF and the Banque de France, and which concern changes to LCH SA's activity, policy and rule which may affect the Bank's tiering decision, or may impact the way in which LCH SA complies with any Recognition Condition, or the risk LCH SA poses to the United Kingdom directly or indirectly:

- b. Key business development – Summary of significant changes in the business of LCH SA, which may include, but not limited to: changes to risk models and parameters, extensions of services, changes in client account structures, changes in use of payment systems, changes to corporate governance and significant regulatory developments that are relevant to LCH SA, irrespective of whether these regulations are set by the ACPR, the AMF, the Banque de France.
- c. Supervisory priorities and work plans – Supervisory priorities and views of key risks, current and forward work plans and progress, which could include to the extent possible and where legally permitted, summary of associated scope documents or reports on the examination of LCH SA and relevant firm engagement letters.
- d. Decisions on key matters – Summary of non-time-critical decisions on key matters in relation to LCH SA, which may include, but not limited to: extension of clearing

services, model changes, qualifying shareholding changes, changes in outsourcing arrangements, regulatory status, risk management and control processes, and operational methodology and protocols.

- e. Supervisory reviews – Summary of non-time-critical supervisory reviews on key areas in relation to LCH SA, which may include but not limited to: assessment of compliance with requirements on initial margin and adequacy of default fund size, business continuity plans, reports on the on-site examination, corporate governance, and fit and proper assessment of senior management.
- f. Remedial actions or plans – Summary of any applicable request to LCH SA for remedial actions or plans resulting from supervisory findings, and periodic updates on the measures subsequently adopted by LCH SA.

(Biennial items)

- g. Where applicable, a review of LCH SA's self-assessment against the Principles of Financial Market Infrastructures (PFMIs)³ – This includes the self-assessment by LCH SA, any associated review reports, supervisory views, and responses to the questions in connection with self-assessments will be provided orally, or in written materials where appropriate and proportionate.
39. Concerning Areas of Common Interest in relation to LCH SA and LCH Ltd., each authority will use reasonable endeavours to provide the other Authorities with relevant information about any significant matter that is likely to assist the other Authorities to perform their respective functions relating to the supervision and oversight of the respective CCP.
40. Without limiting the scope of paragraph 39, information provided in relation to Areas of Common Interest on the occasion that they arise may include, but is not limited to, the following matters:
- a. Significant risks affecting systems that are common to LCH SA and LCH Ltd as sister entities;
 - b. Any proposed significant changes regarding common IT systems or operational processes;
 - c. Significant changes concerning shared risk management processes and internal control systems;
 - d. Further integration or restructuring steps;
 - e. Significant operational incidents that may have an impact on the sister CCP;
 - f. Information received from LCH SA or LCH Ltd regarding a clearing member that could pose a material threat to the financial soundness of the CCPs or affect their safe and sound management;
 - g. Significant inadequacy of common systems and controls;
 - h. Matters related to financial requirements;
 - i. Common significant matters that affect the fitness or properness of the CCPs, or managers of those entities, to perform their functions;
 - j. Any proposed significant ownership, governance or structural changes, or significant strategic developments affecting both CCPs.

³ CPSS-IOSCO Principles for Financial Market Infrastructures (April 2012); [Principles for financial market infrastructures \(bis.org\)](https://bis.org/publications/principles-for-financial-market-infrastructure).

Notification⁴

41. Each authority understands the ACPR, the AMF, the Banque de France informs the Bank promptly and as soon as appropriate in accordance with the applicable laws, or where practicable in advance, of:
- a. Any known material event that could adversely impact the financial or operational stability of LCH SA, including where LCH SA is deemed to be in breach of the conditions of any license, registration, authorisation or recognition, or of any Laws and Regulations to which it is subject;
 - b. Any material extension of activities and services, including permission or approval granted to LCH SA to provide clearing services to Clearing Members, Clearing Participants, trading venues or, when known to LCH SA, clients established in the UK, including in respect of branches of entities established in the UK;
 - c. Any material event of which the ACPR, the AMF, the Banque de France is aware that could adversely impact the financial or operational resilience of LCH SA, including such events as a default or potential default of a Clearing Member or Clearing Participant; a major disruption in the functioning of LCH SA resulting from, for example, force majeure, a severe operational or market event, or a business continuity event; market or settlement bank difficulties that could have a significant adverse impact on LCH SA; any action taken or likely to be taken within a resolution procedure or the implementation of a recovery plan by LCH SA; or any known material change in the ownership, operating environment including regulatory changes and developments, operations, financial resources, governance, risk management, or systems and controls of LCH SA;
 - d. Enforcement actions or sanctions or significant regulatory actions, including the revocation, suspension, or modification of authorisation, recognition, registration, exemption therefrom, or other relief concerning LCH SA; and
 - e. The status of efforts of which the ACPR, the AMF, the and Banque de France is aware to address any material event that could adversely impact the financial or operational condition of LCH SA, Clearing Member, or Clearing Participant.
42. Concerning Areas of Common Interest, and in line with the objective of paragraph 41, each Authority shall seek to inform the other Authorities promptly and as soon as appropriate in accordance with the applicable laws, or where practicable in advance, of:
- a. Any known material event that could adversely impact the financial or operational stability of LCH SA or LCH Ltd which may have an adverse impact on the other CCP as a sister entity, including where the CCPs are deemed to be in breach of the conditions of any license, registration, authorisation or recognition, or of any Laws and Regulations to which it is subject;
 - b. Any official decision or action in relation to LCH SA or LCH Ltd that impacts the other CCP as a sister entity and therefore may have a material effect on the performance by the other Authorities of their functions.
43. The determination of what constitutes “significant impact”, “significantly affect”, “material event”, “adversely impact”, “major disruption”, “difficulties”, “material adverse effect”, “adverse material change”, “significant regulatory actions”, or “where the context so permits” for purposes of Paragraph 41 will be left to the reasonable discretion of each Authority.
44. The preceding paragraphs in the present section “Notification” do not preclude the

⁴ According to the list of nominated contact points in Appendix 1.

Authorities from entering into any further arrangements relating to notification regarding specific financial or operational issues related to LCH SA.

Emergency situations⁵

45. The Authorities recognise in particular the importance of close cooperation, robust consultation, and information sharing in the event that LCH SA experiences, or its resilience is threatened by, a potential financial sector stress or other Emergency Situation relating to LCH SA, including developments in financial markets, which may have an adverse effect on market liquidity and the stability of the financial system in the UK.
46. The Bank recognises that as the home authority, the ACPR, the AMF, and the Banque de France will lead in an Emergency Situation. In fulfilling this role, the ACPR, the AMF, and the Banque de France should keep the Bank appropriately informed throughout the Emergency Situation, and consult with and take account of the views of the Bank, to the extent possible, in seeking potential solutions.
47. In Emergency Situations, the Authorities shall endeavour to notify each other of the Emergency Situation and communicate relevant information between each other as deemed appropriate in the particular circumstances, taking into account all relevant factors, including the status of efforts to address the Emergency Situation.
48. In particular, notification by the ACPR, the AMF, and the Banque de France to the Bank should occur to the greatest extent possible and without undue delay after the ACPR, the AMF, the Banque de France becomes aware of the Emergency Situation relating to LCH SA, and should cover:
 - a. General information on the nature of the Emergency Situation, action taken or likely to be taken by LCH SA as far as known to the ACPR, the AMF, and the Banque de France, including actual or prospective use of LCH SA's default protections or recovery plans;
 - b. In the event of a major Clearing Member's default, implications of the default, as well as recovery or resolution actions for LCH SA and its non-defaulting Clearing Members;
 - c. Details of settlement in and/or use of failure-to-settle procedures;
 - d. Implications of operational disruptions for the continuity of services provided by LCH SA; and
 - e. If LCH SA is in financial distress, exposures to LCH SA of Clearing Members and interoperable financial market infrastructures in the Bank's jurisdiction where applicable.
49. During Emergency Situations, requests for information may be made in any form, including orally, provided such communication is confirmed in writing as promptly as possible following such notification.
50. Similarly, in an Emergency Situation, the Bank shall inform the other Authorities of any emergency situation in relation to LCH Ltd that has a direct impact on LCH SA, in the same manner as detailed in the preceding paragraphs in this section "Emergency Situations".

Enforcement

51. It is the mutual understanding of the Authorities that the Bank, in respect of LCH SA tiered as Tier 1, relies on the enforcement capabilities of the ACPR, the AMF, and the Banque de

⁵ According to the list of nominated contact points in the Appendix 1.

France, which enforces compliance with Laws and Regulations in so far as they relate to the ACPR, the AMF, and the Banque de France.

52. The Bank and the ACPR, the AMF and the Banque de France recognise that, while this MOU is not intended to gather information for enforcement purposes, an Authority subsequently may want to use the non-public information provided pursuant to this MOU for enforcement purposes under its Laws and Regulations. With respect to non-public information shared between the Bank and the ACPR, the AMF and the Banque de France under this MOU, treatment of such information for enforcement purposes, will be dealt with in accordance with the following paragraphs of this section.
53. The ACPR, the AMF, and the Banque de France understand that the Bank may take enforcement action against LCH SA only where there has been a breach of Applicable Laws and Regulations by LCH SA in relation to recognition requirements for LCH SA specified under the UK EMIR Article 25, and further supplemented by the published SoP. The procedures for requests for assistance for the purpose of actual or possible enforcement action are set out below.
54. If a request for assistance as described in this MoU relates to actual or possible enforcement action, the following further details will be set out in the request:
 - a. The information or other assistance requested (identity of persons, specific questions to be asked etc.);
 - b. If information is provided by the Bank for confirmation or verification, the information and the kind of confirmation or verification sought;
 - c. The purpose for which the information or other assistance is sought;
 - d. A description of the conduct or suspected conduct which gives rise to the request;
 - e. Details of the applicable law, regulation or requirement to the administration of which the request is relevant;
 - f. The link between the specified rule or law and the regulatory functions of the Bank;
 - g. The relevance of the requested assistance to the specified rule or law;
 - h. Whether it is desired that, to the extent permitted by the applicable laws, regulations and requirements applying to the Bank, any representative of the Bank should be present during interviews which form part of an investigation; and
 - i. Any other matters specified by the Bank and by the applicable laws, regulations and requirements in relation to the Bank.
55. If a request for assistance, as described in this MoU relates to actual or possible enforcement action, the following further matters may be taken into account by the ACPR, the AMF, and the Banque de France in determining whether to fulfil the request in whole or in part, subject the ACPR, the AMF, and the Banque de France's applicable laws, regulations and requirements and overall policy:
 - a. Whether the request would lead to the prosecution of, or the taking of disciplinary or other enforcement action against, a person who in the opinion of the ACPR, the AMF, and the Banque de France has already been appropriately dealt with in relation to the alleged breach, in respect of the subject matter of the request.
56. If, following a request from the Bank, the ACPR, the AMF, and the Banque de France conduct an interview with any person, the ACPR, the AMF, and the Banque de France may permit a representative of the Bank to attend such an interview; the Authorities will consult each other with a view to agreeing how the interview will be organised, taking into account their respective laws and regulations. Such requests from the Bank will be in accordance with the applicable laws, regulations and requirements of the ACPR, the AMF, and the

Banque de France.

57. Any person providing testimony, information or documents as a result of a request made under this MoU will be entitled to all the rights and protections of the applicable laws, regulations and requirements of the jurisdiction of the ACPR, the AMF, and the Banque de France. Where assertions are made regarding other rights and privileges arising exclusively pursuant to the applicable laws, regulations and requirements of the jurisdiction of the Bank, the Authorities will consult to determine the most appropriate way to proceed.

Article Four: Permissible uses of information, confidentiality and onward sharing of information

Permissible uses of information

58. The Bank and the ACPR, AMF, and the Banque de France acknowledge that any confidential information shared on the basis of this MoU in relation to LCH SA or Areas of Common Interest is intended to be used exclusively for the purpose of carrying out the legal duties and statutory responsibilities of the Bank and the ACPR, AMF, and the Banque de France, including, in particular, to discharge their duties, supervisory responsibilities or statutory tasks in relation to LCH SA, and for the Bank in relation to LCH Ltd, under their applicable frameworks.
59. The Bank and the ACPR, AMF, and the Banque de France will ensure that all persons dealing with, or having access to confidential information provided by another Authority (including members of the Authority, employees, and any external providers having access to confidential information) are bound by the obligations of professional secrecy in compliance with their applicable legal frameworks, including after the termination of their duties.
60. Except as provided in paragraphs 61 to 62 immediately below, or pursuant to a legally enforceable demand, each Authority will keep confidential, to the extent permitted by law, non-public information shared under this MoU, requests made under this MoU, the contents of such requests, and any other matters arising under this MoU.
61. As required by law or authorised by law, it may become necessary for the Bank and/or the ACPR, AMF, and the Banque de France to share non-public information obtained under this MoU with an Institution, Public and Administrative Authority in its jurisdiction. In such circumstances and to the extent permitted by law:
- a. The Requesting Authority(ies) intends to notify the Requested Authority(ies) in advance of sharing such information, unless the Authorities agree otherwise in respect of any such notification in relation to specified information to be onward shared with the relevant Institution, Public and Administrative Authority.
 - b. Prior to the Requesting Authority(ies) sharing the non-public information, the Requesting Authority(ies) will provide adequate assurances to the Requested Authority(ies) concerning the Institution, Public and Administrative Authority's use and confidential treatment of the information, including, as necessary, assurances that:
 - i. The Institution, Public and Administrative Authority has confirmed that it requires the information for the purpose enabling it to fulfil its responsibilities and mandates as described in Article 1; and
 - ii. The information will not be shared by the Institution, Public and Administrative Authority with other parties without getting the prior written

consent of the Requested Authority(ies).

62. Except as provided in paragraph 59 immediately above, or if disclosure is otherwise required by law, the Requesting Authority(ies) must obtain the prior consent of Requested Authority(ies) before disclosing non-public information received under this MoU to any non-signatory to this MoU. The Requested Authority(ies) will take into account the level of urgency of the request and respond in a timely manner. During an Emergency Situation, consent may be obtained in any form, including orally, provided such communication is confirmed in writing as promptly as possible following such notification. If consent is denied by the Requested Authority(ies), the Authorities will consult to discuss the reasons for withholding approval of such disclosure and the circumstances, if any, under which the intended disclosure by the Requesting Authority(ies) might be allowed.
63. To the extent possible, the Requesting Authority(ies) should notify the Requested Authority(ies) of any legally enforceable demand for non-public information that has been furnished under this MoU. When complying with the demand, the Requesting Authority(ies) intends to assert all appropriate legal exemptions or privileges with respect to such information as may be available.
64. The Authorities intend that the sharing or disclosure of non-public information, including deliberative and consultative materials, pursuant to the terms of this MoU, will not constitute a waiver of privilege or confidentiality of such information.
65. The Authorities acknowledge that nothing in Article 4 of this MoU prevents an Authority from disclosing information it receives directly from LCH SA or, where it relates to Areas of Common Interest, from LCH Ltd.
66. The Authorities acknowledge that the transfer of personal data will take place in accordance with the applicable data protection legislation in the jurisdictions of the Authorities. Data shared under this MoU are subject to the European General Data Protection Regulation (GDPR) in the EU, and the Data Protection Act 2018 in the UK. In the context where the European Commission's adequacy decision adopted on 28 June 2021 will be suspended, the transfer of personal data will also be suspended until a new adequacy decision by the European Commission is adopted.
67. In the event of the termination of this MoU, information obtained under this MoU will continue to be treated in the manner described under Article Four.

Signed

Sarah Breeden
Deputy Governor for Financial Stability
For the Bank of England

Date: 25/10/2024

Marie-Anne Barbat-Layani
Chairperson
For the Autorité des marchés financiers
Date: 12/11/2024

François Villeroy de Galhau
Chairperson
For the Autorité de contrôle prudentiel et de
resolution

Date: 04/11/2024

Denis Beau
Deputy Governor
For the Banque de France
Date: 12/11/2024