Memorandum of Understanding concerning cooperation and the exchange of information related to SEBI Recognised Clearing Corporations

Between

Bank of England

Securities and Exchange Board of India

MEMORANDUM OF UNDERSTANDING

Recitals

A. The Securities and Exchange Board of India ("SEBI"), as established by the Securities and Exchange Board of India Act, 1992 to protect the interests of investors in securities and to promote the development of, and to regulate, the securities market and for matters connected therewith or incidental thereto.

B. The Bank of England ('BoE') 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 BoE has particular responsibilities to supervise certain market infrastructure (recognised payment systems, securities settlement systems and central counterparties). In particular, the BoE has responsibility for recognising and, where needed, supervising non-UK central counterparties ('incoming CCPs') providing/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]

C. In the recognition process for incoming CCPs, the BoE 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 BoE 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.

D. The BoE's tiering approach builds on the principle of deference, and enables the BoE to recognise an incoming CCP and designate it as 'Tier 1' and allow that incoming CCP to be primarily supervised and regulated by its home authority. To that end, the SEBI is responsible for the supervision of CCPs that clear securities as defined in section 2(h) of Securities Contract (Regulations) Act, 1956.

E. The SEBI and the BoE 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 any relevant CCPs that are not considered potentially systemic to the UK for recognition purposes under the tiering process ('Covered CCPs').

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[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 UK EMIR Article 25', published on 30" June 2022.

F. While the provisions of UK EMIR do not apply to the SEBI, this MoU and the implementation of cooperation and exchange of information noted in the MoU will feed into the BoE's consideration of whether the recognition requirements for the Covered CCPs as specified under UK EMIR Article 25 and further supplemented by published SoP are satisfied.

G. It is the mutual understanding of the SEBI and the BoE that the cooperation arrangements specified under this MoU recognise the primacy of the SEBI and its mandate in the supervision of Covered CCPs; they are also based on mutual respect for each jurisdiction's current regulatory regime and each authority's supervisory practices. The SEBI and the BoE 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.

Article One: Definitions

In this MoU, unless the context otherwise requires:

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. **"Covered CCP"** means Clearing Corporations organized in India, regulated by SEBI and not considered potentially systemic to the UK for recognition purposes under the tiering process.

5. **"Applicable Laws and Requirements"** means

    a. For SEBI, the Securities Contracts (Regulation) Act, 1956, the Securities and Exchange Board of India Act, 1992, the Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2018, Depositories Act, 1996 - and various Circulars/regulations/directions/instructions/guidelines issued by SEBI under these statutes and other legal requirements in India, as may be applicable.

    b. For the BoE, 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 BoE 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 a Covered CCP, including a crisis scenario leading to the potential recovery or resolution of the Covered CCP.

7. **"Government Entity"** means;

    a. The Prudential Regulation Authority of the UK, 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 of the UK;

    b. The Financial Conduct Authority of the UK, in respect of its supervisory responsibility for other market participants and markets pursuant to section 1A of the Financial Services and Markets Act 2000 of the UK.

Article Two: General Provisions

8. The MoU is a statement of intent to consult, cooperate, and exchange information in connection with each of the Authorities' functions related to Covered CCPs. 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.

9. 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.

10. 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.

11. The Authorities acknowledge that they may be signatories to other MoUs between them and, where relevant, will clarify in requests which MoU the request relates to. This MoU is not intended to affect any arrangements under other MoUs unless specifically noted otherwise.

12. Cooperation in accordance with this MoU will become effective on the date this MoU is signed by the Authorities.

13. The Authorities agree to this MoU being made publicly available. The contact details will not be made public.

14. Where the Authorities encounter material differences of views related to the interpretation of a provision (s) in this MoU or its application/implementation, 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, designated senior staff members.

d. Any such resolution, finality or consensus that may be arrived at, shall be recorded in writing.

15. The Authorities will periodically review the functioning and effectiveness of the cooperation arrangements between the SEBI and the BoE with a view to, inter alia, expand or alter the scope or operation of the arrangements, should that be deemed necessary. The BoE 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 the Covered CCPs. This MoU may be amended and/or supplemented with the written consent of the Authorities, including in consideration of changes in the regulatory status of, relief granted to, or supervisory treatment of Covered CCPs or in the relevant regulatory regime in either jurisdiction.

16. 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 either fulfilled to the extent possible, or the Requesting Authority withdraws such request(s) for assistance. 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. Further, in the event of termination of this MoU, when determining the date of entry into effect of the decision to withdraw the recognition of the Covered CCP, the BoE shall endeavour to minimise potential market disruption and provide for an appropriate adaptation period which shall not exceed two years.

17. It is the mutual understanding of the Authorities that any amendments to this MoU or the way in-which the MoU is given effect to, or the termination of this MoU, may affect the tiering outcome and/or the recognition status of the Covered CCPs.

Article Three: Supervisory coordination, cooperation and exchange of information

General

18. For the BoE to be able to place reliance on the home regulatory and supervisory authorities for Covered CCPs, and gain sufficient assurance that the home regime is delivering equivalent outcomes that meet the BoE's statutory objective for safeguarding the UK's financial stability, the SEBI will cooperate with the BoE in general, and intends to meet the elements specified under Article Three.

19. It is also the mutual understanding of the Authorities that further assistance including coordination, cooperation, and exchange of information, may be requested on ad-hoc basis when necessity arises.

20. 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.

21. To facilitate assistance, the Requesting Authority should specify in any written request the information or other assistance requested, suitably backed by sufficient justification and reasons for such requests, 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.

22. 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.

23. 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

24. Each authority may request that staff at each Authority meet to discuss any issues relevant to the Covered CCPs.

Information sharing

25. The BoE may request the SEBI to provide information about any major changes to the regulatory framework applicable to Covered CCPs. If there are major changes, the BoE may request further information about such changes.

26. Each Authority understands that the BoE may request that the SEBI provide information on Covered CCPs on an ad-hoc basis.

Notification

27. Each authority understands the SEBI will inform the BoE as soon as practicable and appropriate in accordance with the applicable laws, of any material event of which the SEBI is aware that could adversely impact the financial or operational resilience of a Covered CCP.

28. The determination of what constitutes a "material event" for purposes of Paragraph 27 will be left to the discretion of the SEBI.

29. Paragraphs 27 to 28 do not preclude the Authorities from entering into any further arrangements relating to notification regarding specific financial or operational issues related to a Covered CCP.

Emergency situations

30. The Authorities recognise in particular the importance of close cooperation, robust consultation, and information sharing in the event that a Covered CCP experiences, or its resilience is threatened by a potential financial sector stress or other Emergency Situation relating to the Covered CCP, including developments in financial markets, which may have an adverse effect on market liquidity and the stability of the financial system in the UK.

31. The BoE recognises that, as the home authority, the SEBI will lead in an Emergency Situation. In fulfilling this role, the SEBI should keep the BoE appropriately informed of the steps being taken by SEBI in accordance with the Law.

32. In particular, notification by the SEBI to the BoE should occur as soon as practicable and without undue delay after the SEBI becomes aware of the Emergency Situation relating to the Covered CCP.

33. 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.

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

Permissible uses of information

34. Except as provided in paragraphs 35 to 36 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.

35. As required by law or authorised by law, it may become necessary for the BoE to share non-public information obtained under this MoU with a Governmental Entity. In such circumstances and to the extent permitted by law:

    a. The BoE intends to notify the SEBI, in advance, of its intent 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 Governmental Entity.

    b. Prior to the BoE sharing the non-public information, the BoE will provide adequate written assurances to the SEBI concerning the Governmental Entity's use and confidential treatment of the information, including, as necessary, assurances that:

        i. The Governmental Entity 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 Governmental Entity with other parties without getting the prior written consent of the SEBI.

36. Except as provided in paragraph 35 immediately above, or if disclosure is otherwise required by law, the BoE must obtain the prior written consent of the SEBI before disclosing non-public information received under this MoU to any non-signatory to this MoU. The SEBI will take into account the level of urgency of the request and respond in a timely manner, and reserves its right to deny such disclosure. If consent is denied by the SEBI, 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 BoE might be allowed.

37. The BoE should notify the SEBI in writing of any legally enforceable demand for non-public information that has been furnished under this MoU, and also provide written confirmation that appropriate legal exemptions or privileges with respect to such information as may be available will be taken recourse to and/or applied by the BoE.

38. 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.

Signed at London on 14th day of August 2026 and at Mumbai on 16th day of October 2026 in two originals in the English language.