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News release

19 December 2018

Bank of England statement on equivalence of the future UK legal and supervisory framework for central counterparties (CCPs) and central securities depositories (CSDs)

The Bank of England welcomes the adoption today of temporary equivalence decisions by the European Commission on the future UK legal and supervisory framework for CCPs and CSDs.

The implementing acts adopted by the Commission are necessary to allow UK CCPs and CSDs to be recognised by the European Securities and Markets Authority (ESMA). In a no-deal Brexit scenario they would come into effect from 30 March 2019. Recognition would allow UK CCPs to continue to provide clearing services to their EU members, and EU banks to meet their obligations to UK CCPs.

Today's announcement is a crucial and positive step. It provides necessary clarity and addresses one of the most important financial stability risks associated with the UK's withdrawal from the EU.

It also enables UK CSDs to be recognised so that they can continue providing notary and settlement services for securities issued under EU law.

In the UK, HM Treasury and the Bank of England have already put in place a temporary recognition regime for non-UK CCPs and a transitional regime for non-UK CSDs. These will enable EU CCPs and CSDs to continue to provide services in the UK in a no-deal Brexit scenario.

The practical arrangements to implement these equivalence decisions now need to be put in place. This includes agreeing the necessary cooperation and information-sharing arrangements between the Bank and ESMA. The Bank has already confirmed to ESMA that it will provide information in line with its current obligations and those set out in the equivalence decisions.

Notes to Editors

1. The latest Financial Stability Report can be found [here](#). In particular see page 30 - 'Preserving the continuity of outstanding cross-border contracts' for more detail.
2. The Report highlighted that 'EU clearing members have OTC derivative contracts with UK CCPs with a gross notional value of £60 trillion, of which £45 trillion will mature after March 2019.'