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# News release

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## **Bank of England's approach to financial services legislation under the European Union (Withdrawal) Act – October 2018**

The Bank of England (Bank) has today updated firms on its regulatory and supervisory approach in relation to its work on EU Withdrawal. The package of communications published today sets out changes to our rules and binding technical standards arising out of EU Withdrawal.

It also sets out further guidance on the process for authorisation and recognition for incoming EEA firms and non-UK FMIs, including the temporary permissions and recognition regimes. The package does not reflect any policy changes other than those related to EU withdrawal, and builds on previous communications to firms on their preparations around EU withdrawal.

They are relevant to:

- all firms authorised and regulated by the Prudential Regulation Authority (PRA);
- EEA firms undertaking cross-border activities into the UK from the rest of the EU;
- UK Financial Market Infrastructures (FMIs) regulated by the Bank; and
- non-UK central counterparties (CCPs) and central securities depositories (CSDs) providing cross border services into the UK.

The position remains that in all but certain limited exceptions – as set out in today's announcement - UK regulated firms do not need to take action now to implement changes in UK law arising from the UK's withdrawal by March 2019.

Today's package of communications includes the following:

1. "Dear CEO" letters from Sam Woods to all firms [authorised and regulated by the PRA](#), as well as EEA firms undertaking cross-border activities into the UK from the rest of the European Union via passporting; and Jon Cunliffe to [non-UK CCPs](#) and [non-UK CSDs](#) updating them on our approach to their preparations for EU withdrawal.

2. A [joint Bank/PRA consultation paper](#) that sets out the Bank's general approach to making changes to rules and binding technical standards, including the proposed use of transitional powers. It also contains a draft Supervisory Statement (SS) indicating our expectations of firms and FMIs in relation to EU Guidelines and Recommendations.
3. A [PRA consultation paper](#) which sets out the key changes to PRA rules and relevant binding technical standards. The consultation covers changes related to EU legislation where HMT has either published its policy intention, published the related legislation in draft, or has laid it before Parliament.
4. A [Financial Market Infrastructure \(FMI\) consultation paper](#) which sets out the key changes to FMI-related binding technical standards and rules. The consultation also contains a draft Supervisory Statement on our expectations of FMIs in relation to existing non-binding domestic material.
5. A [Resolution consultation paper](#) which sets out changes to binding technical standards in relation to resolution. It also proposes how firms should interpret existing Bank of England Statements of Policy on resolution in light of any deficiencies arising from the UK's withdrawal from the EU.

We are also updating the Bank's website so that there is a single webpage that brings together previous communications to firms on [EU withdrawal](#). This includes:

6. [Information for firms on the Temporary Permissions Regime \(TPR\)](#), including eligibility, entry and exit from the regime, and the rules we expect to apply to firms in the TPR.
7. Information on the process for incoming FMIs, including further information for non-UK CCPs on the temporary recognition regime (TRR) and the transitional process for non-UK CSDs. This is available [here](#). The Bank has also written to the impacted firms providing more information and those letters are available [here](#) (non-UK CCPs) and [here](#) (non-UK CSDs).

This acts as a contingency for a scenario in which the implementation period, which has been agreed in principle as part of the UK's Withdrawal Agreement with the EU, does not take effect on 29 March 2019. Firms are asked to read the published materials and continue engaging with their Bank and PRA contacts on their ongoing planning.

## **ENDS**

The Bank of England announced its [approach](#) to onshoring financial services legislation under the European Union (Withdrawal) Act on June 27 2018.