

**BANK OF ENGLAND RULEBOOK: FUNDAMENTAL RULES FOR UK CENTRAL
COUNTERPARTIES AND UK CENTRAL SECURITIES DEPOSITORIES INSTRUMENT [2025]**

Powers exercised

- A. The Bank of England makes this instrument in the exercise of the following powers and related provisions in the Financial Services and Markets Act 2000 (“the Act”):
- (1) section 300F (Rules relating to central counterparties and central securities depositories); and
 - (2) section 137T (General supplementary powers) as applied by paragraph 10 (Rules) of Schedule 17A (Further provision in relation to exercise of Part 18 functions or other FMI functions, by Bank of England).
- B. The rule-making powers referred to above are specified for the purpose of section 138G(2) (Rule-making instrument) of the Act as applied by paragraph 10 (Rules) of Schedule 17A (Further provision in relation to exercise of Part 18 functions, or other FMI functions, by Bank of England).

Bank of England Rulebook: Fundamental Rules for UK Central Counterparties and UK Central Securities Depositories Instrument [2025]

- C. The Bank of England makes the rules in the Annexes to this instrument.

Part	Annex
Glossary	A
Fundamental Rules	B

Commencement

- D. This instrument comes into force on [DATE].

Citation

- E. This instrument may be cited as the Bank of England Rulebook: Fundamental Rules for Recognised Central Counterparties and Recognised Central Securities Depositories [2025].

By order of the Financial Market Infrastructure Committee
[DATE]

Annex A

Bank Rulebook Glossary

In this Annex, the text is all new and is not underlined.

Bank

means the Bank of England.

central counterparty or CCP

means a body corporate or unincorporated association which interposes itself between the counterparties to the contracts traded on one or more financial markets, becoming the buyer to every seller and the seller to every buyer.

central securities depository or CSD

means a person that operates a *securities settlement system* referred to in point (3) of Section A of the Annex to CSDR and provides at least one other core service as listed in Section A of that Annex.

CSDR

means Regulation (EU) 909/2014 of the European Parliament and of the Council of 23 July 2014 on improving securities settlement in the European Union and on central securities depositories as it forms part of assimilated law, and any reference to requirements contained in or to functions under the regulation includes a reference (as the case may be) to requirements contained in or to functions under:

- (a) any EU regulation, originally made under the regulation, which is assimilated direct legislation; or
- (b) any subordinate legislation (within the meaning of the Interpretation Act 1978) made under the regulation on or after IP completion day.

EMIR

means 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 assimilated law, and any reference to requirements contained in or to functions under the regulation includes a reference (as the case may be) to requirements contained in or to functions under:

- (c) any EU regulation, originally made under the regulation, which is assimilated direct legislation; or
- (d) any subordinate legislation (within the meaning of the Interpretation Act 1978) made under the regulation on or after IP completion day.

FMI

means a *UK CCP*, a *UK CSD*, a *third country CCP* or a *third country CSD*.

Fundamental Rules

means the rules set out in the Fundamental Rules Part of the Bank Rulebook.

FSMA

means the Financial Services and Markets Act 2000.

group

has the meaning given in section 421 of *FSMA*.

regulated activity

means:

- (e) in relation to a *UK CCP*, a regulated activity described in section 285(3A) of *FSMA*;
- (f) in relation to a *UK CSD*, a regulated activity described in section 285(3D) of *FSMA*;
- (g) in relation to a *third country CCP*, a regulated activity described in section 285(3C) of *FSMA*;
- (h) in relation to a *third country CSD*, a regulated activity described in section 285(3G) of *FSMA*.

securities settlement system

means a system in relation to which a designation order made under regulation 4 of the Financial Markets and Insolvency (Settlement Finality) Regulations 1999 is in force that is not operated by a recognised clearing house whose activity consists of the execution of transfer orders.

third country CCP

means a *CCP* established in a country other than the *UK* which is recognised by the *Bank* pursuant to Article 25 of the *EMIR*.

third country CSD

means a *CSD* established in a country other than the *UK* which is recognised by the *Bank* pursuant to Article 25 of the *CSDR*.

UK

means the United Kingdom.

UK CCP

means a *CCP* which is established in the *UK* and authorised by the *Bank* in accordance with Article 17 of *EMIR* for the purposes of that Article and in relation to which a recognition order made under section 290 of *FSMA* is in force.

UK CSD

means a *CSD* that is established in the *UK* and authorised by the *Bank* in accordance with Article 17 of *CSDR* for the purposes of Article 16 of *CSDR* and in relation to which a recognition order made under section 290 of *FSMA* is in force.

unregulated activity

means an activity that is not a *regulated activity*.

Annex B

Adding a new Part

In this Annex, the text is all new and is not underlined.

Part

Fundamental Rules

Chapter content

- 1. APPLICATION**
- 2. FUNDAMENTAL RULES**
- 3. RESTRICTIONS**

1 APPLICATION AND INTERPRETATION

- 1.1 This Part applies to an *FMI* that is a *UK CCP* or a *UK CSD*.
- 1.2 Every provision in this Part must be interpreted in light of its purpose.
- 1.3 An expression in italics has the meaning given in the Bank Rulebook Glossary.
- 1.4 The Interpretation Act 1978 applies to this Part.

2 FUNDAMENTAL RULES

- 2.1 *Fundamental Rule 1*: An *FMI* must conduct its business with integrity.
- 2.2 *Fundamental Rule 2*: An *FMI* must conduct its business with due skill, care and diligence.
- 2.3 *Fundamental Rule 3*: An *FMI* must act in a prudent manner.
- 2.4 *Fundamental Rule 4*: An *FMI* must maintain sufficient financial resources.
- 2.5 *Fundamental Rule 5*: An *FMI* must have effective risk strategies and risk management systems.
- 2.6 *Fundamental Rule 6*: An *FMI* must organise and control its affairs responsibly and effectively.
- 2.7 *Fundamental Rule 7*: An *FMI* must deal with its regulators in an open and cooperative way and must disclose to the *Bank* appropriately anything relating to the *FMI* of which the *Bank* would reasonably expect notice.
- 2.8 *Fundamental Rule 8*: An *FMI* must prepare for resolution or administration so, if the need arises, it can be resolved or placed into administration in an orderly manner with a minimum disruption to critical services.
- 2.9 *Fundamental Rule 9*: An *FMI* must maintain sufficient operational resilience.
- 2.10 *Fundamental Rule 10*: An *FMI* must identify, assess and manage the risks that its operations could pose to stability of the financial system.

3 RESTRICTIONS

- 3.1 The *Fundamental Rules* apply with respect to the carrying on of both *regulated activities* and *unregulated activities*.
- 3.2 *Fundamental Rules* 3, 4, 5, 6, 8, 9, 10 and (in so far as it relates to disclosing to the *Bank*) 7 take into account any activity of other members of a *group* of which the *FMI* is a member.
- 3.3 The *Fundamental Rules* apply with respect to activities wherever they are carried on.