

PRESS RELEASE

ESMA agrees no-deal Brexit MOUs with the Bank of England for recognition of UK CCPs and the UK CSD

The European Securities and Markets Authority (ESMA) has agreed Memoranda of Understanding (MoUs) with the Bank of England (BoE) for the recognition of central counterparties (CCPs) and of the central securities depository (CSD) established in the United Kingdom (UK), that would take effect should the UK leave the European Union (EU) without a withdrawal agreement, the no-deal Brexit scenario.

ESMA has previously communicated, in its public statements of [23 November](#) and [19 December](#) 2018, that its Board of Supervisors supports continued access to UK CCPs and to the UK CSD, in order to limit the risk of disruption in central clearing and to avoid any negative impact on the financial stability of the EU. It will also allow the UK CSD to continue to serve Irish securities, and to limit the risk of disruption to the Irish securities market.

ESMA aims to recognise UK CCPs and the UK CSD in a timely manner, where the four recognition conditions under Article 25 of EMIR, and the four recognition conditions under Article 25 of CSDR are met, respectively. The conclusion of MoUs between ESMA and the BOE satisfies the third recognition condition - establishment of cooperation arrangements - under both regulations.

The MoUs are a statement of intent to consult, cooperate and exchange information in connection with ESMA's immediate access, on an on-going basis, to all information it requests regarding the CCPs and CSD. They are based on the standard template for the recognition of third country CCPs and amended to reflect the relevant conditions in the two equivalence decisions of the European Commission. The MOUs set out in detail the scope of cooperation and information-sharing arrangements between ESMA and the BOE.

The MoUs ensure that cooperation arrangements have been established regarding the CCPs and CSD and provide ESMA with adequate tools to monitor their ongoing compliance with the recognition conditions and to assess any material risk they pose, directly or indirectly, to the EU or any of its Member States, including to their financial stability.

Next steps

ESMA aims to complete the next steps for the recognition of the UK CCPs and the UK CSD and to adopt the recognition decisions well ahead of Brexit date. The recognition decisions would take effect on the date following Brexit date, under a no-deal Brexit scenario.

Notes for editors

1. On 19 December 2018, ESMA published a public statement stating that it was ready to review UK CCPs' and the UK CSD's recognition applications for a no-deal Brexit scenario if the four recognition conditions under Article 25 of EMIR and Article 25 of CSDR were met, respectively. As outlined in that statement, the third condition was the establishment of cooperation arrangements between ESMA and the BoE. Following this, ESMA staff have pursued discussions with the BoE to finalise the MoUs between BoE and ESMA.
2. ESMA's mission is to enhance investor protection and promote stable and orderly financial markets.

It achieves these objectives through four activities:

- i. assessing risks to investors, markets and financial stability;
 - ii. completing a single rulebook for EU financial markets;
 - iii. promoting supervisory convergence; and
 - iv. directly supervising specific financial entities.
3. ESMA achieves its mission within the European System of Financial Supervision (ESFS) through active cooperation with the European Banking Authority (EBA), the European Insurance and Occupational Pensions Authority (EIOPA), the European Systemic Risk Board, and with national authorities with competencies in securities markets (NCAs).



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