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Guidance Document for the UK’s Equivalence Framework for Financial Services

 November 2020

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| Introduction |

* 1. The UK is retaking full control over its framework and approach for facilitating international financial services business and supporting our established strengths as a global financial centre. The Government is determined to promote the UK’s position as one of the world’s leading financial centres – where businesses can connect to clients in Europe, Asia, the US, and beyond. This means pursuing a world-leading approach that enables the UK to promote positive change across global financial markets and enhances cross-border financial flows in the years ahead.
	2. The UK will be guided by a number of key principles: a commitment to open, safe, and resilient financial markets; a commitment to robust and high-quality regulation, guided by international standards; a desire to facilitate international financial services business by reducing barriers and frictions where possible; a desire to reduce global market fragmentation; and a desire for friendly and effective collaboration with international partners.
	3. As a demonstration of these principles, the UK has already provided for continuity of the provision of financial services from the EU into the UK at the end of the transition period, through temporary permission regimes and transitional regulatory powers.
	4. The UK is committed to upholding open and global markets underpinned by the highest standards of regulation and supervisory oversight. The UK plays an active role in multilateral forums such as the G20, the Financial Stability Board (FSB) and the International Organisation of Securities Commissions (IOSCO) in developing international regulatory standards and supporting supervisory cooperation. The UK also seeks to develop deeper bilateral relations with financial centres across the world, based on common high standards and cooperation.
	5. The Government will use equivalence as one of a range of tools (including Free Trade Agreements, Mutual Recognition Agreements, Financial Dialogues and Economic and Financial Dialogues with overseas jurisdictions) to support the openness of the UK’s international financial services and facilitate cross border market access. This Guidance Document outlines the principles and processes which will govern the UK’s equivalence framework.
	6. Equivalence is an autonomous mechanism by which one jurisdiction can recognise relevant standards in another jurisdiction as equivalent to their own. Equivalence is a form of unilateral deference and can provide market access to overseas market participants, and preferential treatment for UK firms accessing overseas markets. The exact impact of an equivalence decision varies by sector.
	7. As part of this approach, the UK’s objective is to ensure its equivalence framework supports financial stability, market integrity and consumer protection whilst also supporting a globally integrated UK financial sector, fostering international regulatory and supervisory cooperation.
	8. This document sets out how the UK intends to use its equivalence framework as one of the key mechanisms to facilitate cross-border financial services transactions and market access. Across the use of equivalence and all other mechanisms discussed, the UK will seek to support cross border financial activity in a way that safeguards financial stability and investor protection. In the operation of these mechanisms, HM Treasury will value an open and ongoing dialogue with UK industry.

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| UK's Equivalence Model |

* 1. The European Union (Withdrawal) Act 2018 (EUWA) will convert applicable EU legislation into UK law, and this will take effect from the end of the transition period, on 31st December 2020.
	2. This conversion of EU legislation includes around 40 equivalence and exemption provisions. This includes the powers to make equivalence determinations for financial services. This has also allowed the UK to replicate most of the equivalence determinations in respect of third countries previously made by the EU Commission under these provisions prior to the end of the transition period.[[1]](#footnote-2) Under the EUWA, the UK has also passed the Equivalence Determinations for Financial Services and Miscellaneous Provisions (Amendment etc) (EU Exit) Regulations 2019 which allows the UK to make equivalence directions for the EEA during the transition period.[[2]](#footnote-3)
	3. To ensure that this converted EU law is operable in a UK-only context at the end of the transition period, it has been necessary to amend certain aspects of the legislation to reflect the UK’s new position outside the EU – this is referred to as “onshoring”.
	4. Under this ‘onshoring’ process the EU Commission’s role in making equivalence determinations for overseas jurisdictions has been replicated and transferred to HM Treasury. The Prudential Regulation Authority (PRA), the Financial Conduct Authority (FCA) and the Bank of England (together the financial services regulators) are responsible for providing support to HM Treasury for matters relating to their regulatory functions. This includes the provision of information or advice to HM Treasury in connection with any consideration of equivalence or exemption determinations.
	5. Equivalence is an autonomous mechanism by which one jurisdiction can recognise relevant standards in another jurisdiction as equivalent to their own. Equivalence is a form of regulatory deference, which is a process endorsed by the G20 where jurisdictions and regulators defer to each other when it is justified by the quality of their respective regulatory, supervisory and enforcement regimes.[[3]](#footnote-4) The equivalence framework for financial services exists as a collection of individual provisions across several regulations which regulate different areas of financial services activity.
	6. Equivalence provides for preferential treatment for overseas market participants; however, the form of preferential treatment varies across the provisions. For example, some provisions allow overseas firms to provide financial services into the UK, others provide deference to UK firms when accessing overseas markets and firms, and others allow for regulatory relief by removing duplicative requirements on cross-border business.
	7. The Government has shown its desire to promote stability for UK industry and overseas firms by incorporating nearly all of the existing EU equivalence determinations into UK law.[[4]](#footnote-5) This will allow firms from non-EU jurisdictions whose business with the UK is underpinned by these decisions to continue this business on the same basis as during the UK’s membership of the EU.
	8. These determinations will **continue to have effect in UK law** until and unless they are revoked, which would only take place under the review and withdrawal process outlined below. This approach aims to ensure there is continuity for financial services determinations, providing stability for firms and overseas jurisdictions.
	9. There is one exception to this approach. The Government did not onshore equivalence decisions for Central Counterparties (CCPs) that the EU made under Article 25 of the European Market Infrastructure Regulation (EMIR - EU Regulation 648/2012). These decisions will no longer apply at the end of the transition period. HM Treasury is undertaking new assessments for overseas jurisdictions. It is anticipated that new decisions will be made by HM Treasury and decisions to recognise individual CCPs within a jurisdiction deemed to be equivalent will be made by the Bank of England. All overseas CCPs for which a recognition decision has not been made by the end of the transition period will be able to continue providing services in the UK and to firms by using the UK’s ‘Temporary Recognition Regime’ for non-UK CCPs.
	10. Further detail on the UK’s approach to onshoring can be found in the Annex, and in HM Treasury’s published approach to financial services legislation under EUWA 2018.[[5]](#footnote-6)

***Model for Operating the UK’s Equivalence Framework***

* 1. HM Treasury has considered how it will manage and interpret this framework in the UK and has created a model that supports the open, global and diverse nature of the UK financial centre. This model promotes common high standards, reflecting the characteristics of different markets, and providing stable access on which business can base their long-term activities.
	2. The UK equivalence model will be world-leading, promoting common high standards, reflecting the characteristics of different markets, and providing stable access on which business can base their long-term activities. This framework seeks to build on the EU’s approach to equivalence with a focus on improving transparency and predictability.
	3. The UK’s equivalence framework will operate with the following principles in mind:
* **Equivalence should facilitate the benefits of maintaining an open and globally integrated financial system in a way that ensures and supports financial stability, market integrity and consumer protection.**
* **Equivalence will be judged on outcomes**. Assessments of outcomes will be underpinned by compliance with internationally agreed standards and through different combinations of rules and supervisory practices, if these practices provide an equivalent outcome to the corresponding UK legal framework. Recognising this, the UK’s equivalence framework will be flexible enough to allow for both jurisdictions to change and adapt their rules and for the UK to still consider the overseas jurisdiction equivalent, provided the cumulative effect of such changes does not lead to a material divergence that no longer achieves equivalent outcomes. This approach also encourages overseas jurisdictions that have been granted equivalence to continue to uphold high standards, giving confidence to market participants and protecting the integrity of the UK financial system. When undertaking this approach, HM Treasury will also consider the risks to the UK arising from the relevant overseas jurisdiction’s financial system and its regulatory framework.
* **Equivalence is a transparent process**. HM Treasury aims to provide assurance, promote the interests of consumers and market participants as well as financial stability in the UK and elsewhere. To this end, HM Treasury will endeavour to engage with interested parties as part of the process and will seek to provide Parliament with appropriate scrutiny over the operation of the equivalence framework.
* **Equivalence is an evidence-based process** ensuring analysis based on regulatory advice and available evidence is at the core of decision making.
* **Equivalence – in its establishment and thereafter - should be a cooperative process** that provides opportunities to build understanding of different jurisdictions, encourage regulatory and supervisory cooperation, and enable the UK and other jurisdictions to resolve material issues early in the policy development process through dialogue.
* **Equivalence is a stable and reliable arrangement** for cross-border market access and for promoting regulatory coherence. This approach aims to ensure there is continuity for financial services equivalence determinations, providing stability for firms and overseas jurisdictions. Equivalence determinations will be terminated when the cumulative effect of regulatory changes lead to the other jurisdiction's framework’s no longer delivering equivalent outcomes; with appropriate steps taken to mitigate any disruption. This stability and reliability will be supported by the principle of cooperation outlined above.
* **Equivalence decisions are compatible with the UK’s policy priorities, including those relating to the rule of law, international sanctions, human rights and efforts to combat money laundering.**
	1. Equivalence is a mechanism which can promote the adoption of international regulatory standards and is a key tool for encouraging regulatory convergence around them. As global and market developments occur, the UK will consider whether it is appropriate to adapt its equivalence framework to ensure it continues to meet the above principles. For example, we will keep the scope of services covered by equivalence under review to ensure that the UK’s framework reflects the realities of cross border business models and the globally interconnected nature of the UK’s financial markets.
	2. HM Treasury may, at its discretion and informed by the financial services regulators’ advice, choose to make equivalence determinations on a conditional basis. This option provides greater flexibility to making equivalence determinations while ensuring these determinations only have effect when the other jurisdictions continue to operate on the basis of equivalent outcomes to the UK.
	3. In addition to the principles set out above, future developments in the scope of the UK’s equivalence framework may enable further cross-border financial activity, encourage more efficient business models, ensure more choice and better pricing for consumers and greater supervisory cooperation, while preserving financial stability. HM Treasury has confirmed its intention to legislate to simplify the process which allows overseas investment funds to be marketed into the UK, an area currently not covered by equivalence in the EU. The new ‘Overseas Funds Regime’ (OFR) will enable HM Treasury to make equivalence determinations for retail funds and money market funds (MMFs) from other jurisdictions and forms part of the Financial Services Bill.

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| Assessment and Decision-Making Process |

***Equivalence assessment process [[6]](#footnote-7)***

* 1. Equivalence determinations will be informed by an evidence-based approach and a dialogue with the relevant overseas jurisdictions. These assessments will be initiated by the UK. HM Treasury may independently express interest in assessing a jurisdiction (potentially taking account of any stakeholder representations) and may reach out to such jurisdictions to initiate a dialogue for this purpose. Overseas jurisdictions are, however, welcome to indicate an interest in being assessed. HM Treasury will prioritise assessments in accordance with the UK’s internal process.
	2. Engagement with stakeholders is an important part of the process, and before undertaking assessments, HM Treasury will aim to understand which equivalence determinations would be beneficial to UK firms and their customers. HM Treasury will take this into account when deciding whether to undertake an assessment
	3. Within the UK’s framework, HM Treasury will be responsible for making equivalence determinations and will do so with the wider regulatory and prudential interests of the UK in mind. HM Treasury can request technical advice and information from the financial services regulators to inform equivalence assessments. These regulations included a requirement for HM Treasury and the financial services regulators to enter into and maintain a Memorandum of Understanding (MoU) to provide clarity on aspects of the operational processes and coordination of activities between HM Treasury and the financial services regulators which are not set out in legislation.
	4. In October 2019, HM Treasury agreed an MoU with the financial services regulators. The MoU is intended to provide clarity on how HM Treasury and the financial services regulators will coordinate their functions and activities in relation to equivalence and Central Bank exemption assessments after the end of the transition period.[[7]](#footnote-8) This includes among other things the operational processes for:
* initiating determinations;
* requesting and receiving regulator advice;
* cooperating with overseas financial services regulators; and
* monitoring, review and withdrawal of equivalence.
	1. Alongside HM Treasury’s functions for granting equivalence, the financial services regulators will be responsible for recognising or registering overseas firms which operate in the UK under an equivalence determination. The Department for Business, Energy and Industrial Strategy (BEIS) is responsible for making equivalence determinations under the UK’s Accounting Directive (Directive 2013/34/EU), the Non-financial Reporting Directive (Directive 2014/95/EU) and the Audit Directive (Directive 2006/43/EC as amended by Directive 2014/56/EU) which constitute part of retained EU law and will receive technical advice from the Financial Reporting Council and other relevant competent authorities to inform its analysis.[[8]](#footnote-9)
	2. The financial services regulators’ advice will focus on assessing the extent to which the overseas jurisdiction meets the requirements of the relevant equivalence regime, in accordance with their statutory objectives, which will inform HM Treasury in making an equivalence or exemption determination. The financial services regulators are responsible for determining whether to publish a summary of their advice.
	3. The UK’s equivalence regime is currently set out in various parts of retained EU law. In each case, there is a specific legal requirement which must be met in order to grant a positive equivalence determination. These requirements generally involve the relevant parts of the legal framework of an overseas jurisdiction being judged equivalent to the corresponding UK law and the supervisory standards to be equivalent to UK practice. HM Treasury will be responsible for judging whether these criteria are satisfied. HM Treasury intends to take an outcomes-based approach to making these judgements.
	4. As noted above, equivalence determinations will be based on dialogue - providing opportunities to build understanding of different jurisdictions and encourage cooperation. HM Treasury may independently express interest in undertaking an equivalence assessment and initiate a technical dialogue with overseas authorities. HM Treasury in its decision making will consider any industry representations and when it is appropriate to initiate a dialogue with the overseas authority.
	5. This dialogue would provide an opportunity for the relevant overseas jurisdictions to engage with HM Treasury and/or the financial services regulators on how their supervisory and regulatory frameworks meet the outcomes required to be found equivalent to the UK.
	6. After informing the relevant overseas jurisdictions that they are being assessed for equivalence, HM Treasury will aim to ensure there is transparency with relevant stakeholders, including industry, over what assessments the UK is currently undertaking.
	7. HM Treasury will take a proportionate approach, considering the risks posed by the effects of making an equivalence determination for that jurisdiction to delivering HM Treasury’s objectives and the statutory objectives of the financial services regulators.

***Process for making equivalence determinations***

* 1. If HM Treasury is satisfied that the jurisdiction is equivalent on an outcomes basis (which might include adequate prudential legislation, supervision, enforcement and respect for the rule of law), equivalence determinations will be made by secondary legislation; specifically, by a Statutory Instrument (SI). These SIs will be accompanied by an explanatory memorandum that explains what advice HM Treasury considered, including from the financial services regulators and the basis of its determinations. Parliament will consider HM Treasury’s decision to grant equivalence as a part of the UK’s normal legislative process.
	2. When HM Treasury lays a Statutory Instrument to make an equivalence or exemption determination in Parliament, the financial services regulators will be responsible for determining whether to publish a summary of their advice, as well as any materials they deem necessary in support of it.
	3. Following UK Parliamentary process and once an equivalence decision has been made, it may also be necessary for overseas firms to register with the relevant UK regulator to provide ongoing reporting or information that is relevant to the equivalence decision. Details of these requirements are set out in the relevant legislation dealing with each equivalence decision.
	4. Under the UK framework, certain equivalence decisions require relevant Memoranda of Understanding to be established between the financial services regulators and their overseas counterparts. In line with their statutory objectives, the financial services regulators may utilise or agree MoUs with their overseas counterparts to support the operationalisation of an equivalence decision. HM Treasury and the financial services regulators may also voluntarily enter into agreements with overseas authorities to support the operation of the UK’s equivalence framework.

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| Ongoing Monitoring and Withdrawal |

***Monitoring of equivalence determinations***

* 1. Regulatory and supervisory frameworks of both the UK and overseas jurisdictions will change over time. Monitoring these changes is important to ensure that changes in the UK or overseas jurisdictions’ regimes are compatible with existing equivalence determinations within an outcomes-based approach. The UK will therefore take proportionate steps to monitor any changes over time, taking account of the risks posed to the UK. As part of this, HM Treasury will maintain, where possible, an open dialogue with overseas jurisdictions to identify and discuss material changes in circumstances pertinent to existing equivalence and exemption determination.
	2. HM Treasury may also engage in regulatory dialogue with a view to promote stability and clarity around an equivalence decision. Dialogues support ongoing discussions on regulatory changes and transparency on the extent to which changes impact an existing equivalence determination. This regulatory dialogue may identify particular aspects, such as material changes in regulation (either in the UK or in the relevant overseas jurisdiction) or changes in circumstances relating to an equivalence decision, which will require a more formal structured review of the equivalence decision.

***Review of equivalence and exemption determinations***

* 1. Reviews may be undertaken periodically, or at any time. For example, a review may be considered following significant changes to UK regulation to implement new or revised international standards. This does not prejudice HM Treasury’s ability to revoke existing equivalence or exemption determinations at any time.
	2. In these circumstances, HM Treasury will inform the financial services regulators when it initiates consideration of a review of an existing determination and, in the ordinary course of business, request information or advice from the relevant UK financial services regulator to review existing equivalence or exemption determinations. The financial services regulators may also request that a review of an equivalence determination is undertaken if there are concerns arising from their statutory objectives (including financial stability, safety and soundness, market integrity, consumer protection, or competition implications). After a review has been initiated, HM Treasury intends to notify the overseas jurisdiction that their equivalence determination is under review.
	3. During a review of an equivalence determination, HM Treasury intends for there to be a continued dialogue with the overseas jurisdiction. This will allow for an open discussion on the impact of any change in circumstance on the equivalence determination and ways to maintain equivalence in area(s) where concerns have emerged.

***Withdrawal of equivalence [[9]](#footnote-10)***

* 1. HM Treasury continues to be committed to taking the necessary action to safeguard financial stability and protect UK consumers. This follows from actions previously taken by UK authorities to address risks of disruption to cross-border financial services which may arise at the end of the transition period.
	2. HM Treasury recognises the importance of clarity and stability regarding the potential withdrawal of equivalence, and the negative impact that the possibility of withdrawal can have on confidence in the overall system. While HM Treasury retains the ability to revoke existing equivalence or exemption determinations that that could be detrimental to financial stability, consumer protection or market integrity at any time, withdrawal of equivalence will be considered as a last resort. If the situation arises where withdrawal of equivalence is necessary, then this will be an autonomous decision by HM Treasury (in consultation with the financial services regulators) and will be subject to scrutiny through relevant Parliamentary procedures.
	3. Withdrawal of equivalence may occur if the UK judges that the overseas jurisdiction no longer delivers equivalent outcomes (or an equivalence decision is no longer compatible with the UK’s policy priorities including the rule of law, international sanctions, human rights and efforts to combat money laundering) and both sides have been unable to agree a solution to satisfactorily address whatever concerns have been raised and maintain equivalence. In this scenario, HM Treasury will seek to ensure that withdrawal of equivalence is undertaken in line with the principles of transparency and appropriate engagement with the overseas jurisdiction.
	4. HM Treasury, on the advice of and working with the financial services regulators, will seek, where possible, to mitigate any adverse effects of withdrawal on financial stability and market disruption, bearing in mind the full range of regulatory tools. This includes appropriate adaptation periods to allow firms time to prepare to the changing circumstances. The length and nature of any adaptation period will depend on the circumstances of withdrawal, such as the type of equivalence decision involved. HM Treasury will look to engage with affected parties and where possible and, where appropriate, will take feedback into account when determining the adaptation period. This is important to ensure the adaptation period avoids creating stability risks and that equivalence decisions remain a reliable platform on which firms can conduct their business. Nevertheless, there may be instances when HM Treasury needs to withdraw equivalence more quickly for reasons such as, but not limited to, ensuring financial stability or the protection of investors or depositors. In such circumstances, HM Treasury will endeavour to provide as much clarity or transparency regarding withdrawal as is possible in the circumstances.

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| Conclusion |

* 1. This document outlines how HM Treasury will operate its model under the equivalence framework for financial services, in such a way that supports the UK’s commitment to upholding open and global markets underpinned by the highest standards of regulation and supervisory oversight. This framework at its core operates an outcomes-based model for determining, monitoring and reviewing equivalence, which will take into account the risks to the UK arising from the relevant overseas jurisdiction’s financial system and relevant equivalence provisions and promotes the implementation of international standards. This framework also recognises that equivalence should reconcile the need for financial stability and consumer protection and be an evidence-based and cooperative process.
	2. The framework also provides for a structured process for the establishment, monitoring, review and (if necessary) withdrawal of equivalence to provide stability and consumer protection.
	3. The UK will monitor its equivalence framework on an ongoing basis in accordance with the principles set out above.

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| Annex |
| The UK's approach to Financial Services Legislation under the European Union Withdrawal Act 2018 |

* 1. The European Union Withdrawal Act 2018 (“EUWA”), as amended by the European Union (Withdrawal Agreement) Act 2020, converts the existing body of directly applicable EU law (including Regulations and Directions) at the end of the transition period into UK domestic law. This includes much of the EU’s framework for financial services equivalence. Additional equivalence regimes are found in UK legislation that implements EU Directives - referred to in the EUWA as “EU-derived domestic legislation” and preserved by the EUWA. The converted EU law and preserved EU-derived domestic legislation is collectively known as ‘retained EU law’.
	2. To ensure that retained EU law is operable in a UK-only context at the end of the transition period, it has been necessary to amend certain aspects of the legislation to reflect the UK’s new position outside the EU. Ministers, through secondary legislation, have used the powers in the EUWA to amend elements of retained EU law that would not operate effectively following the UK’s withdrawal.
	3. The EUWA does not permit amending retained EU legislation to make policy changes which are unrelated to solving issues that arise from the withdrawal of the UK from the EU. Accordingly, our amended legislation does not make material changes or alter the policy purpose of financial services legislation. The changes are only there to reflect the UK’s new status outside the EU and enable the transition to this situation. The scope of the power in the EUWA reflects this purpose and is subject to further restrictions, such as the inability to use the power to impose or increase taxation or establish a public authority.
	4. This approach ensures that, as far as possible, the same rules that apply prior to the expiry of the transition period (31 December 2020) will apply in the period immediately following its expiry. However, it has been necessary to make some changes to reflect the new third jurisdiction relationship between the UK and the EU. Examples in financial services legislation include:
* Functions that are currently carried out by EU authorities that would no longer apply to the UK (for example, supervision of trade repositories, which HM Treasury has transferred to the FCA);
* Provisions in retained EU law that are no longer appropriate to the UK as a non-Member State (for example, references to European Consumer Credit Information and Member States);
* Provisions which are no longer applicable to the UK once we are no longer a Member State (for example, requirements regarding automatic recognition of an action by an EU body by the relevant UK body – where alternative arrangements for cooperating with EU bodies would be more appropriate for the UK’s new place outside of the EU);
* Provisions requiring participation in EU institutions, bodies, offices and agencies including the European Supervisory Authorities (for example, joint decision making in supervisory and resolution colleges).
* Provisions in retained EU law that are no longer necessary because they are duplicated and often pre-exist retained EU law and are found in the UK’s existing domestic frameworks (for example, references to cooperating and sharing information with overseas regulatory authorities which will include EEA authorities after the end of the transition period).
	1. It will also be necessary to lay further legislation to prepare for the end of the transition period. In particular, additional legislation will be needed to ensure that EU financial services legislation which becomes applicable during the transition period and requires transposition during the transition period, will continue to function effectively in the UK at the end of the transition period.
	2. HM Treasury has allocated the EU’s current functions to the appropriate UK bodies in line with the responsibility already conferred on them by Parliament. For example, HM Treasury has transferred supervisory powers to the FCA to regulate credit ratings agencies, securitisation repositories and trade repositories currently supervised by the European Securities and Markets Authority (ESMA), and it has given functions and powers in relation to non-UK central counterparties and non-UK central securities depositories to the Bank of England.
	3. HM Treasury has also delegated powers to the Financial Services Regulators through the Temporary Transitional Power (TTP). The TTP allows the FCA, the PRA and the Bank of England to delay or phase-in new changes to UK regulatory requirements arising as a result of leaving the EU. Specifically, the TTP allows the UK’s Financial Services Regulators to give transitional directions to delay the coming into force of, or otherwise modify, firms’ regulatory obligations where they have changed as a result of secondary legislation made under Section 8 of the EUWA[[10]](#footnote-11). The key objective of the TTP is to smooth the adjustment of firms operating in the UK, to the post-transition period regime for financial services.
	4. [Memorandum of understanding between HM Treasury, the Bank of England, the Prudential Regulation Authority and the Financial Conduct Authority on equivalence and exemptions determinations.](https://www.gov.uk/government/publications/memorandum-of-understanding-equivalence-and-exemptions)

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1. Exemption determinations are a form of deference. These are exemptions for certain central banks and other public bodies from certain requirements under the UK’s onshored framework. [↑](#footnote-ref-2)
2. https://www.legislation.gov.uk/uksi/2019/541/contents/made [↑](#footnote-ref-3)
3. September 6, 2013 St Petersburg Summit G20 Leaders’ Declaration. [↑](#footnote-ref-4)
4. HM Treasury is remaking CCP decisions under Article 25 of EMIR for overseas jurisdictions. [↑](#footnote-ref-5)
5. <https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/720298/HM_Treasury_s_approach_to_financial_services_legislation_under_the_European_Union__Withdrawal__Act.pdf> [↑](#footnote-ref-6)
6. This section pertains to jurisdictional equivalence determinations made by HM Treasury. Certain equivalence regimes contain separate firm recognition provisions where the authority sits with the Bank of England or the FCA. [↑](#footnote-ref-7)
7. <https://www.bankofengland.co.uk/-/media/boe/files/memoranda-of-understanding/hmt-boe-pra-and-fca-eu-withdrawal-october-2019.pdf?la=en&hash=F52A3F1116707EC737FB21DA0F86ECC10CE0E656> [↑](#footnote-ref-8)
8. For the Accounting Directive the relevant powers are in the Accounts and Reports (Amendment) (EU Exit) Regulations 2019, <http://www.legislation.gov.uk/uksi/2019/145/contents/made>. For the Audit Directive the relevant powers are in The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019, <http://www.legislation.gov.uk/uksi/2019/177/contents/made>. For the Non-financial reporting directive the relevant powers are in The Companies, Partnerships and Groups (Accounts and Non-Financial Reporting) Regulations 2016 <http://www.legislation.gov.uk/uksi/2016/1245/contents/made> [↑](#footnote-ref-9)
9. This section pertains to the withdrawal determinations made by HM Treasury of overseas jurisdictions. Certain equivalence regimes contain separate firm recognition provisions where the authority for assessment and withdrawal sits with the Bank of England or the FCA. [↑](#footnote-ref-10)
10. Section 8 of the EUWA, as amended by the European Union (Withdrawal Agreement) Act 2020, is the part of the EUWA that gives Ministers the power to make secondary legislation to deal with deficiencies that would arise at the end of the transition period in retained EU law. [↑](#footnote-ref-11)