
DRAFT STATUTORY INSTRUMENTS

2025 No.

FINANCIAL SERVICES AND MARKETS

The Central Counterparties (Amendment) Regulations 2025

Made - - - -

Coming into force

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The Treasury make these Regulations in exercise of the powers conferred by sections 286(1) and 428(3) of the Financial Services and Markets Act 2000^(a) and sections 4, 83(1) and (2), 84(2) and 86(5) of the Financial Services and Markets Act 2023^(b).

In accordance with sections 4(9), 83(3) and 84(5) of the Financial Services and Markets Act 2023^(c), a draft of these Regulations has been laid before, and approved by a resolution of, each House of Parliament.

PART 1
Introductory

Citation, commencement and extent

1.—(1) These Regulations may be cited as the Central Counterparties (Amendment) Regulations 2025.

(2) Regulation 14 (overseas central counterparties) comes into force on the day after that on which these Regulations are made, so far as it confers power to make regulations under section 300EB or 300EF(4) of FSMA 2000^(d).

(3) So far as not already in force by virtue of paragraph (2), these Regulations come into force on the day on which the revocation of Articles [...] of the EMIR regulation by section 1(1) of, and Schedule 1 to, the Financial Services and Markets Act 2023 comes into force.

(4) In paragraph (3) “the EMIR regulation” means Regulation (EU) No 648/2012 of the European Parliament and of the Council of 4 July 2012 on OTC derivatives, central counterparties and trade repositories^(e).

(5) These Regulations extend to England and Wales, Scotland and Northern Ireland.

PART 2
Amendments of Part 18 of FSMA 2000

Exemption for overseas central counterparties

2.—(1) Section 285 of FSMA 2000 (exemption for recognised bodies etc.) is amended as follows.

(2) In subsection (1), for paragraph (d) substitute—

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- (a) 2000 c. 8.
 - (b) 2023 c. 29.
 - (c) For the meaning of “affirmative procedure” see section 84(3) of the Financial Services and Markets Act 2023.
 - (d) Defined in section 80(1) of the Financial Services and Markets Act 2023 as the Financial Services and Markets Act 2000.
 - (e) EUR 2012/648.

- “(d) “overseas central counterparty” means a body corporate or unincorporated association which—
 - (i) is established in a country or territory outside the United Kingdom, and
 - (ii) is recognised by the Bank of England under section 300EA;”.
- (3) In subsection (3A), for “services or activities” substitute “clearing services”.
- (4) In subsection (3C)—
 - (a) for “A third country” substitute “An overseas”;
 - (b) for “services or activities” substitute “clearing services”;
 - (c) for “pursuant to Article 25 of the EMIR regulation” substitute “under section 300EA”.

Restriction on provision of clearing services

- 3. After section 285 of FSMA 2000 insert—

“285ZA Clearing services not to be provided by central counterparties without recognition

- (1) A central counterparty established in the United Kingdom must not provide clearing services unless it is a recognised central counterparty.
- (2) A central counterparty established in a country or territory outside the United Kingdom must not provide clearing services to a trading venue, or to a clearing member established in the United Kingdom, unless it is an overseas central counterparty.”.

Application for recognition

- 4.—(1) Section 288 of FSMA 2000 (application by a clearing house) is amended as follows.
- (2) In subsection (1)—
 - (a) omit the words from “in accordance” to “EMIR regulation”;
 - (b) omit the words from “granting” to “Article and”.
- (3) In subsection (2), after “subsection” insert “(1) or”.

Applications: supplementary

- 5. In section 289 of FSMA 2000 (applications: supplementary), omit subsection (4).

Recognition orders

- 6.—(1) Section 290 of FSMA 2000 (recognition orders) is amended as follows.
- (2) In subsection (1)(b), omit—
 - (a) the words from “and Article 17” to “granted”, and
 - (b) the words from “granting” to “Article and”.
- (3) After subsection (1C) insert—
 - “(1CA) An application for a central counterparty recognition order must be determined by the Bank of England before the end of the assessment period.

- (1CB) The “assessment period” means the 120 working days following the day on which the Bank of England receives the application, but this is subject to subsection (1CD).
- (1CC) On the first occasion on which the Bank of England requires further information under section 289(1), the assessment period—
 - (a) is interrupted from the end of the day on which the requirement is imposed until the end of the day on which the Bank receives the further information, and
 - (b) is also extended by a further 30 working days.
- (1CD) If the Bank imposes a second or subsequent requirement under section 289(1), that further requirement does not affect the assessment period.”.
- (4) In subsection (1D), for the words from “services” to the end substitute “clearing services which the applicant may provide”.
- (5) Omit subsection (7).

Variation of central counterparty recognition order

7.—(1) Section 290ZA of FSMA 2000 (variation of central counterparty recognition order) is amended as follows.

- (2) In subsection (1)—
 - (a) for the words from the beginning to “that regulation” substitute “The Bank of England may, on the application of the recognised central counterparty,”;
 - (b) for the words from “service” to the end substitute “clearing service”.
- (3) After subsection (1) insert—
 - “(1A) An application under subsection (1) must be made in such manner as the Bank of England may direct and must be accompanied by—
 - (a) particulars of the additional clearing service, and
 - (b) such other information as the Bank may reasonably require for the purpose of determining the application.
 - (1B) The Bank of England must determine an application under subsection (1) before the end of the assessment period.
 - (1C) The “assessment period” means the 80 working days following the day on which the Bank of England receives the application, but this is subject to subsection (1G).
 - (1D) The Bank of England may in writing require the central counterparty that made the application under subsection (1) to provide such further information as it reasonably considers necessary to enable it to determine the application.
 - (1E) Information which the Bank of England requires in connection with an application must be provided in such form, or verified in such manner, as the Bank may direct.
 - (1F) Different directions may be given, or requirements imposed, by the Bank of England with respect to different applications.
 - (1G) On the first occasion on which the Bank of England requires further information under subsection (1D), the assessment period—

- (a) is interrupted from the end of the day on which the requirement is imposed until the end of the day on which the Bank receives the further information, and
 - (b) is also extended by a further 10 working days.
- (1H) If the Bank imposes a second or subsequent requirement under subsection (1D), that further requirement does not affect the assessment period.”.
- (4) For subsection (2) substitute—
 - “(2) The Bank of England may make an order varying a central counterparty recognition order by removing a clearing service from those specified in the order if it appears to the Bank—
 - (a) that, during the period of 12 months ending with the day on which the power to vary is exercised, the recognised central counterparty has not made use of the recognition order in relation to that clearing service,
 - (b) that the recognised central counterparty—
 - (i) is failing, or is likely to fail, to satisfy the recognition requirements or to comply with any other obligation imposed on it by or under this Act, and
 - (ii) having been required in writing by the Bank to take remedial action specified by the Bank within time frame so specified, has not taken that action within that time frame, or
 - (c) that it is desirable to vary the order in order to advance the Bank’s Financial Stability Objective.”.

Statement of policy

8. After section 290ZA of FSMA 2000 insert—

“290ZAA Statement of policy in relation to applications under section 290ZA(1)

- (1) The Bank of England must prepare and publish a statement of policy as to—
 - (a) the information that it might normally expect to require in connection with applications under section 290ZA(1) relating to different additional clearing services, and
 - (b) any period, shorter than that required by section 290ZA(1C), within which it expects to be able to determine applications relating to particular descriptions of additional clearing services.
- (2) The Bank of England—
 - (a) may alter or replace a statement published under this section, and
 - (b) if it does so, must publish the altered or replacement statement.
- (3) In exercising its functions under section 290ZA, the Bank of England must have regard to any statement of policy published under this section.”.

Amendment of references to third country central counterparties

9.—(1) In section 292 of FSMA 2000 (overseas investment exchanges and overseas clearing houses), in subsection (6), for “a third country” substitute “an overseas”.

(2) In section 293 of FSMA 2000 (notification requirements), in subsections (7A) and (8), for “a third country central counterparty” substitute “an overseas central counterparty”.

Supervision

10. After section 294 of FSMA 2000 insert—

“294A Arrangements for supervision of recognised central counterparties

The Bank of England must maintain arrangements for supervising recognised central counterparties.”.

Power of Bank of England to give directions

11.—(1) Section 296 of FSMA 2000 (appropriate regulator’s power to give directions) is amended as follows.

(2) In subsection (1C)—

- (a) for “Tier 2 third country” substitute “systemic overseas”;
- (b) omit “, or by or under the EMIR regulation”.

(3) In subsection (2ZA), for “Tier 2 third country” substitute “systemic overseas”.

(4) In subsection (2C)—

- (a) for “Tier 2 third country”, in each place where it occurs, substitute “systemic overseas”;
- (b) in paragraph (b) for “the third country” substitute “the overseas”.

(5) In subsection (2D)—

- (a) for “Tier 2 third country” substitute “systemic overseas”;
- (b) for “relevant third country competent authority” substitute “competent authority in the overseas jurisdiction concerned”;
- (c) for “Article 25.7 of the EMIR regulation” substitute “section 300EC”.

(6) For subsection (2E) substitute—

“(2E) In subsection (2D)—

- (a) “overseas jurisdiction” has the meaning given in section 300EL;
- (b) “competent authority”, in relation to an overseas jurisdiction, has the meaning given in section 300EL.”.

(7) After subsection (4) insert—

“(5) In this section “systemic overseas central counterparty” has the meaning given in section 300EF(2).”.

Model reviews

12. After section 296A of FSMA 2000 insert—

“296B Changes to models and parameters

(1) This section applies where rules made by the Bank of England under section 300F—

- (a) require a recognised central counterparty to notify the Bank of any change it proposes to make to the models and parameters adopted by the recognised central counterparty to calculate its margin requirements, default fund contributions, collateral requirements and other risk control mechanisms, and
- (b) prohibit a recognised central counterparty from making a material change to those models and parameters unless—

- (i) the central counterparty has applied to the Bank for its permission to make the change, and
 - (ii) the Bank has given its permission.
- (2) Where the Bank of England receives from a recognised central counterparty notification of a proposed change, the Bank must, within the 10 working days following the day on which the notification is received—
 - (a) determine whether or not the change is material, and
 - (b) notify the recognised central counterparty of that determination.
- (3) Where the Bank of England receives an application for permission to make a change that it has determined, before or after the date of the application, to be material, the Bank must before the end of the assessment period notify the recognised central counterparty in writing whether the Bank permits the change.
- (4) In a case where the recognised central counterparty makes the application for permission at the same time as an application under section 290ZA(1) for the variation of its central counterparty recognition order—
 - (a) the “assessment period” for the purposes of this section is that applying under section 290ZA(1C) and (1G) in relation to the application under section 290ZA(1);
 - (b) the reference in subsection (1G) of section 290ZA to the requiring of further information under subsection (1D) of that section is to be read as including a reference to the requiring of further information under subsection (6) of this section;and accordingly subsection (7) of this section does not apply.
- (5) In any other case, the “assessment period” means the 60 working days following—
 - (a) the day on which the application for permission was made, or
 - (b) if later, the day on which the Bank notified the recognised central counterparty of its determination that the proposed change was material;but this is subject to subsection (7).
- (6) The Bank of England may in writing require the recognised central counterparty to provide such further information as the Bank reasonably considers necessary to enable it to determine whether to permit the change.
- (7) On the first occasion on which the Bank of England requires further information under subsection (6), the assessment period—
 - (a) is interrupted from the end of the day on which the requirement is imposed until the end of the day on which the Bank receives the further information, and
 - (b) is also extended by a further 10 working days.
- (8) If the Bank imposes a second or subsequent requirement under subsection (6), that further requirement does not affect the assessment period.
- (9) The Bank of England must prepare and publish a statement of policy for the purposes of subsections (2) to (8).
- (10) The statement—
 - (a) must set out the matters to which the Bank will have regard in determining whether a change to the models and parameters adopted by a recognised central counterparty to calculate its margin requirements, default fund

contributions, collateral requirements and other risk control mechanisms is material, and

- (b) may contain further information as to how the Bank intends to exercise its functions under subsections (2) to (8).

(11) The Bank of England—

- (a) may alter or replace a statement published under subsection (9), and
- (b) if it does so, must publish the altered or replacement statement.

(12) In exercising its functions under subsections (2) to (8), the Bank of England must have regard to any statement of policy published under subsection (9).”.

Revoking recognition order

13.—(1) Section 297 of FSMA 2000 (revoking recognition) is amended as follows.

(2) For subsection (1A) substitute—

“(1A) If it appears to the Bank of England, in the case of a recognised central counterparty—

- (a) that the recognised central counterparty has not made any use of the recognition order during the period of 12 months ending with the relevant day,
- (b) that the recognised central counterparty—
 - (i) is failing, or is likely to fail, to satisfy the recognition requirements or to comply with any other obligation imposed on it by or under this Act, and
 - (ii) having been required in writing by the Bank to take remedial action specified by the Bank within a time frame so specified, has not taken that action within that time frame, or
- (c) that it is desirable to do so in order to advance the Bank’s Financial Stability Objective,

the Bank may make an order revoking the recognition order for that body even though the body does not wish the order to be made.

(1AA) The Bank of England may, at the request of a recognised central counterparty, make an order revoking the recognition order for that recognised central counterparty.

(1AB) The Bank of England must notify the recognised central counterparty of the date on which the revocation of its recognition order under subsection (1A) or (1AA) is to take effect.”.

(3) In subsection (2B)—

- (a) after “purposes of” insert “paragraph (a) of subsection (1A) or”;
- (b) for “that subsection” substitute “the subsection in question”.

Overseas central counterparties

14. After section 300E of FSMA 2000 insert—

300EA Overseas central counterparties

- (1) A central counterparty that is established in an overseas jurisdiction may apply to the Bank of England in accordance with section 300ED for recognition under this section to provide specified clearing services.
- (2) The Bank of England may recognise the central counterparty to provide specified clearing services if all the following conditions are met—
 - (a) regulations under section 300EB are in force in respect of the overseas jurisdiction;
 - (b) the central counterparty is authorised to provide clearing services in the overseas jurisdiction;
 - (c) it appears to the Bank that the central counterparty is subject to effective supervision and enforcement ensuring compliance with the prudential requirements applicable in the overseas jurisdiction;
 - (d) co-operation arrangements with the competent authority in the overseas jurisdiction have been established under section 300EC.
- (3) If the Bank of England has made a determination under section 300EF(1) in relation to a central counterparty, the Bank must not recognise the central counterparty to provide specified clearing services unless all the following further conditions are also met—
 - (a) the central counterparty has provided the Bank with the documents specified in subsection (4);
 - (b) it appears to the Bank that the central counterparty has implemented all necessary measures and established all necessary procedures to ensure effective compliance with—
 - (i) any rules made by the Bank under section 300F that apply to systemic overseas central counterparties, and
 - (ii) its duties arising from the consent referred to in subsection (4)(a);
 - (c) location regulations under section 300EG are not in force in relation to the clearing services concerned.
- (4) The documents referred to in subsection (3)(a) are—
 - (a) a written statement signed by a director or other similar officer of the central counterparty, expressing the unconditional consent of the central counterparty—
 - (i) to provide, within the time specified in a request by the Bank of England, any information or documents held by the central counterparty at the time when the request is made, and
 - (ii) to allow the Bank to access any of the business premises of the central counterparty, and
 - (b) a legal opinion by a suitably qualified independent lawyer confirming that the consent is valid and enforceable under the relevant applicable law.
- (5) A recognition decision under this section must specify the clearing services that the central counterparty may provide.

300EB Designation of overseas jurisdiction for purposes of section 300EA

- (1) The Treasury may by regulations designate an overseas jurisdiction for the purposes of section 300EA.
- (2) The Treasury may designate an overseas jurisdiction only if they consider that doing so would be compatible with—
 - (a) protecting the stability of the UK financial system, and
 - (b) promoting the effective use of financial markets by authorised persons who—
 - (i) are clearing members of central counterparties, or
 - (ii) have a contractual relationship with a clearing member of a central counterparty which enables them to clear their transactions with the central counterparty.
- (3) When considering whether to designate an overseas jurisdiction for the purposes of section 300EA, the Treasury may have regard to any matter they consider relevant, including—
 - (a) the law and practice of the overseas jurisdiction in relation to central counterparties;
 - (b) the extent to which the regulatory standards of the overseas jurisdiction in relation to central counterparties meet relevant international standards concerning the regulation of central counterparties;
 - (c) supervisory and enforcement practices of the overseas jurisdiction in relation to central counterparties.

300EC Co-operation arrangements

- (1) The Bank of England must take such steps as it considers appropriate to establish effective co-operation arrangements with the competent authorities in any overseas jurisdictions designated by regulations under section 300EB.
- (2) The arrangements are to relate to such matters as the Bank of England considers appropriate.
- (3) Where the Bank of England considers that the competent authority in an overseas jurisdiction is failing, or has failed, to comply with any of the provisions of co-operation arrangements established in accordance with this section, the Bank must inform the Treasury without delay.

300ED Application under section 300EA(1): procedure

- (1) An application under section 300EA(1) must be made in such manner as the Bank of England may direct and must be accompanied by—
 - (a) particulars of the clearing services to be provided, and
 - (b) such other information as the Bank may reasonably require for the purpose of determining the application.
- (2) An application under section 300EA(1) must be determined by the Bank of England before the end of the assessment period.
- (3) The “assessment period” means the 210 working days following—
 - (a) the day on which the Bank of England receives the application, or

- (b) if later, the day on which the conditions in section 300EA(2)(a) and (d) are met,but this is subject to subsections (8) and (12).
- (4) Before determining an application under section 300EA(1), the Bank of England must—
 - (a) consider whether to make a determination under section 300EF(1) in relation to the central counterparty, and
 - (b) if it makes a determination under section 300EF(1), give the central counterparty notice of that determination.
- (5) The Bank of England may in writing require the central counterparty to provide such further information as it reasonably considers necessary to enable it—
 - (a) to consider whether to make a determination under section 300EF(1), or
 - (b) to determine the application.
- (6) Information which the Bank of England requires in connection with an application must be provided in such form, or verified in such manner, as the Bank may direct.
- (7) Different directions may be given, or requirements imposed, by the Bank of England with respect to different applications.
- (8) On the first occasion on which the Bank of England requires further information under subsection (5), the assessment period—
 - (a) is interrupted from the end of the day on which the requirement is imposed until the end of the day on which the Bank receives the further information, and
 - (b) is also extended by a further 30 working days.
- (9) If the Bank of England imposes a second or subsequent requirement under subsection (5), that further requirement does not affect the assessment period.
- (10) Subsections (11) to (13) apply in relation to an application under section 300EA(1) if the Bank of England has made a determination under section 300EF(1).
- (11) The central counterparty may, on one occasion only, by notice to the Bank of England request an interruption of the assessment period in order to enable it to make suitable arrangements to comply with section 300EA(3)(a) and (b).
- (12) Where a request is made under subsection (11), the assessment period—
 - (a) is interrupted from the end of the day on which the request is made until the end of the day on which the central counterparty gives the Bank of England a notice stating that it wishes the Bank's consideration of the application to be resumed, and
 - (b) is also extended by a further 60 working days or such longer period as may be agreed between the applicant and the Bank.
- (13) If, after making a request under subsection (11), the central counterparty does not give a notice under subsection (12)(a) within the 12 months beginning with the day on which it gave notice under subsection (11), or such longer period as may be agreed between the applicant and the Bank, the Bank may treat the application under section 300EA(1) as having been withdrawn and, accordingly, is not obliged further to consider the application.

300EE Variation of recognition decision

- (1) The Bank of England may, on the application of the overseas central counterparty, vary a recognition decision under section 300EA by specifying an additional clearing service.
- (2) An application under subsection (1) must be made in such manner as the Bank of England may direct and must be accompanied by—
 - (a) particulars of the additional clearing service, and
 - (b) such other information as the Bank may reasonably require for the purpose of determining the application.
- (3) The Bank of England must determine an application under subsection (1) before the end of the assessment period.
- (4) The “assessment period” means the 80 working days following the day on which the Bank of England receives the application, but this is subject to subsection (8).
- (5) The Bank of England may in writing require the central counterparty that made the application under subsection (1) to provide such further information as it reasonably considers necessary to enable it to determine the application.
- (6) Information which the Bank of England requires in connection with an application must be provided in such form, or verified in such manner, as the Bank may direct.
- (7) Different directions may be given, or requirements imposed, by the Bank of England with respect to different applications.
- (8) On the first occasion on which the Bank of England requires further information under subsection (5), the assessment period—
 - (a) is interrupted from the end of the day on which the requirement is imposed until the end of the day on which the Bank receives the further information, and
 - (b) is also extended by a further 10 working days.
- (9) If the Bank of England imposes a second or subsequent requirement under subsection (5), that further requirement does not affect the assessment period.
- (10) The Bank of England may vary a recognition decision under section 300EA by removing a clearing service from those specified in the decision if it appears to the Bank—
 - (a) that, during the period of 12 months ending with the day on which the power to vary is exercised, the overseas central counterparty has not made use of the recognition decision in relation to that clearing service,
 - (b) that the overseas central counterparty—
 - (i) is failing, or is likely to fail, to comply with any of the conditions in section 300EA(2) or any obligation imposed on it by or under this Act, and
 - (ii) having been required in writing by the Bank to take remedial action specified by the Bank within a time frame so specified, has not taken that action within that time frame, or
 - (c) that it is desirable to vary the recognition decision in order to advance the Bank’s Financial Stability Objective.

300EF Systemic overseas counterparties

- (1) The Bank of England may determine—
 - (a) that an overseas central counterparty is systemically important, or is likely to become systemically important, to the financial stability of the United Kingdom, or
 - (b) that a central counterparty which has applied for recognition under section 300EA will, if recognised under that section, be systemically important, or be likely to become systemically important, to the financial stability of the United Kingdom.
- (2) A “systemic overseas central counterparty” means—
 - (a) an overseas central counterparty in relation to which a determination under subsection (1)(a) has effect, or
 - (b) a central counterparty in relation to which a determination under subsection (1)(b) has effect and which, as a result of a subsequent recognition decision under section 300EA, has become an overseas central counterparty.
- (3) The Bank of England must publish notice of any determination under subsection (1).
- (4) A determination under subsection (1) must be made in accordance with such criteria of general application as are set out in regulations made by the Treasury for the purposes of this section.
- (5) In making a determination under subsection (1), the Bank of England must also have regard to any statement of policy prepared and published by the Bank for the purposes of providing further specification of the criteria of general application mentioned in subsection (4).
- (6) The Bank of England—
 - (a) may alter or replace a statement of policy prepared for the purposes of this section;
 - (b) must publish the altered or replacement statement.
- (7) Publication under this section is to be made in such manner as the Bank considers best designed to bring the publication to the attention of the public.
- (8) The Treasury must consult the Bank of England before making regulations under subsection (4).

300EG Location regulations

- (1) The Treasury may make regulations, to be known as location regulations, in respect of a central counterparty established in an overseas jurisdiction.
- (2) Location regulations are made for the purpose of requiring that some or all of the clearing services of the central counterparty are not to be provided to trading venues or to clearing members established in the United Kingdom unless they are provided by a recognised central counterparty.
- (3) The Treasury may only make location regulations—
 - (a) following a recommendation from the Bank of England (see subsection (6)), and
 - (b) in compliance with the procedure specified in subsections (8) to (10).

- (4) Where the central counterparty concerned is already providing clearing services as an overseas central counterparty to trading venues or to clearing members established in the United Kingdom, the requirement mentioned in subsection (2) may only come into force at the end of a period specified in the location regulations (an “adaptation period”).
- (5) Location regulations including an adaptation period may specify—
- (a) conditions with which the central counterparty must comply in order to continue to provide clearing services described in the location regulations during the adaptation period;
 - (b) measures that must be taken during the adaptation period in order to limit the potential costs to clearing members and their clients, in particular those established in the United Kingdom.
- (6) The Bank of England may recommend that the Treasury make location regulations if it considers—
- (a) that a central counterparty established in an overseas jurisdiction is of such substantial systemic importance to the United Kingdom that it ought not to be recognised under section 300EA, or
 - (b) that some of the clearing services provided by a central counterparty established in an overseas jurisdiction are of such substantial systemic importance to the United Kingdom that the central counterparty ought not to be recognised under section 300EA in respect of them.
- (7) A recommendation under subsection (6) must be in writing and must include advice—
- (a) explaining how compliance with the conditions set out in section 300EA(3) would not sufficiently address the financial stability risk for the United Kingdom,
 - (b) describing the characteristics of the clearing services provided by the central counterparty, including the liquidity and physical settlement requirements associated with the provision of those services,
 - (c) providing a quantitative technical assessment of the costs and benefits and consequences of a decision not to recognise the central counterparty under section 300EA to provide certain clearing services, taking into account—
 - (i) the existence of potential alternative substitutes for the provision of the clearing services concerned in the currencies concerned to clearing members and, to the extent that the information is available, their clients and indirect clients established in the United Kingdom;
 - (ii) the potential consequences of including the outstanding contracts held at the central counterparty within the scope of the location regulations, and
 - (d) where relevant, addressing the duration of the adaptation period mentioned in subsection (4) and any conditions or measures the Bank of England considers should be included in the location regulations by virtue of subsection (5).
- (8) Before the Treasury make location regulations, they must give the central counterparty concerned a notice in writing which—
- (a) states that the Treasury propose to make location regulations in respect of the central counterparty,

- (b) provides a summary of their reasons for proposing to make the regulations, and
 - (c) specifies a reasonable period within which the central counterparty may make representations to the Treasury relating to the proposal.
- (9) The notice must be accompanied by a copy of the recommendation of the Bank of England given under subsection (6).
- (10) The Treasury must have regard to any representations made to them within the period specified in the notice.
- (11) Where the Treasury make location regulations, they must—
 - (a) send a copy of the regulations to the central counterparty concerned, and
 - (b) notify the Bank of England and the FCA of the making of the regulations.
- (12) In this section “client”, in relation to a clearing member of a central counterparty, means an undertaking with a contractual relationship with the clearing member which enables that undertaking to clear its transactions with that central counterparty.

300EH Review of decisions as to recognition and systemic importance

- (1) The Bank of England must undertake reviews of its recognition decisions adopted in accordance with section 300EA for the purpose of considering—
 - (a) whether the conditions in section 300EA(2) and, where applicable, the condition in section 300EA(3)(b) continue to be met,
 - (b) whether a determination under section 300EF(1) ought to be made or revoked.
- (2) Where following a review the Bank of England makes a determination under section 300EF(1)—
 - (a) the overseas central counterparty must provide the Bank with the documents specified in section 300EA(4), and
 - (b) the Bank must allow an appropriate period for adaptation when setting—
 - (i) the date by which those documents must be provided,
 - (ii) the date by which the overseas central counterparty must satisfy the condition in section 300EA(3)(b), and
 - (iii) the date from which the overseas central counterparty is to be treated as a systemic overseas central counterparty for the purposes of rules under section 300F.

300EI Publication of list of overseas central counterparties

- (1) The Bank of England must publish on its website a list of overseas central counterparties, indicating those (if any) that are systemic overseas central counterparties.
- (2) The list must specify the clearing services that each overseas central counterparty is recognised to provide.

300EJ Supervision of systemic overseas central counterparties

The Bank of England must require confirmation from each systemic overseas central counterparty at least once in each calendar year that the condition in section 300EA(3)(b) continues to be met.

300EK Withdrawal of recognition

- (1) The Bank of England may withdraw a recognition decision adopted in accordance with section 300EA if it appears to the Bank—
 - (a) that, during the period of 12 months ending with the day on which the power to withdraw is exercised, the overseas central counterparty has not made use of the recognition decision,
 - (b) that any of the conditions in section 300EA(2) is no longer met in relation to the central counterparty,
 - (c) in the case of a systemic overseas central counterparty, that—
 - (i) the condition in section 300EA(3)(b) is no longer met in relation to it, or
 - (ii) it has failed to comply with a requirement to provide the Bank with the confirmation mentioned in section 300EJ,
 - (d) that the central counterparty—
 - (i) is failing, or is likely to fail, to comply with any obligation imposed on it by or under this Act, and
 - (ii) having been required in writing by the Bank to take remedial action specified by the Bank within a time frame so specified, has not taken that action within that time frame,
 - (e) that the Bank is unable to exercise effectively its responsibilities under this Part in relation to the central counterparty as a result of the failure of the competent authority in the overseas jurisdiction concerned to provide the Bank with all relevant information or to co-operate with the Bank as described in section 300EC, or
 - (f) that it is desirable to do so in order to advance the Bank's Financial Stability Objective.
- (2) Before withdrawing recognition on the ground mentioned in subsection (1)(d), the Bank of England must consider the possibility of applying disciplinary measures in accordance with Chapter 3B of this Part.
- (3) The Bank of England must notify the overseas central counterparty of the date on which the withdrawal of the recognition decision is to take effect.
- (4) The Bank of England must, without delay, notify the competent authority in the overseas jurisdiction in question of a decision to withdraw the recognition of an overseas central counterparty.

300EL Interpretation of sections 300EA to 300EL

In sections 300EA to 300EK and this section—

“competent authority”, in relation to an overseas jurisdiction, means the regulatory authority responsible for the authorisation and supervision of central counterparties in the overseas jurisdiction;

“overseas jurisdiction” means a country or territory outside the United Kingdom;

“systemic overseas central counterparty” has the meaning given in section 300EF(2);

“territory” includes the European Union and any other international organisation or authority comprising countries or territories.”.

General rule-making powers

15. In section 300F of FSMA 2000 (rules relating to central counterparties and central securities depositories), for “a third country central counterparty”, in each place, substitute “an overseas central counterparty”.

Rules in relation to overseas central counterparties

16.—(1) Section 300G of FSMA 2000 (section 300F: rules in relation to overseas FMI entities) is amended as follows.

(2) In subsection (1)(b), for “third country CCPs” substitute “overseas central counterparties”.

(3) In subsection (2)(a), for “a third country” substitute “an overseas”.

(4) In subsection (6), for “third country CCPs”, in both places, substitute “overseas central counterparties”.

(5) For subsection (7) substitute—

“(7) “Systemic overseas central counterparty” has the meaning given in section 300EF(2).”.

(6) Omit subsections (8) to (13).

(7) In subsection (14), for “third country central counterparties” substitute “overseas central counterparties”.

Information about clearing member in financial difficulty

17. After section 301 of FSMA 2000 insert—

“301ZA Information about clearing member in financial difficulty

Where the Bank of England has been informed by a recognised central counterparty that the recognised central counterparty considers that a clearing member will not be able to meet its future obligations to the central counterparty, the Bank must promptly communicate that information to each of the following—

- (a) the FCA;
- (b) where the clearing member is a PRA-authorised person, the PRA;
- (c) where the clearing member is a body incorporated in, or formed under the law of, a country or territory outside the United Kingdom, any regulatory authority in that country or territory having functions in relation to the clearing member corresponding to those of the FCA or the PRA under this Act.”.

Control over recognised central counterparty

18. After section 301M of FSMA 2000 insert—

“CHAPTER 1B

CONTROL OVER RECOGNISED CENTRAL COUNTERPARTY

Notices of acquisition of control over recognised central counterparty

301N Obligation to notify Bank of England: acquisitions of control

- (1) A person who decides to acquire or increase control over a recognised central counterparty must give the Bank of England notice in writing before making the acquisition.
- (2) For the purposes of calculations relating to this section, the holding of shares or voting power by a person (“A1”) includes any shares or voting power held by another (“A2”) if A1 and A2 are acting in concert.
- (3) In this Chapter—
 - (a) a notice given under this section is referred to as a “section 301N notice”;
 - (b) a person giving such a notice is referred to as a “section 301N notice-giver”.

301P Requirements for section 301N notices

- (1) A section 301N notice must be in such form, include such information and be accompanied by such documents as the Bank may reasonably require.
- (2) The Bank must publish a list of its requirements as to the form, information and accompanying documents for a section 301N notice.
- (3) The Bank may impose different requirements for different cases and may vary or waive requirements in particular cases.

301Q Acknowledgement of receipt

- (1) The Bank must acknowledge receipt of a completed section 301N notice in writing before the end of the second working day following receipt.
- (2) If the Bank receives an incomplete section 301N notice it must inform the section 301N notice-giver as soon as reasonably practicable.

Acquiring control and other changes of holding

301R Acquiring control

- (1) For the purposes of this Chapter, a person (“A”) acquires control over a recognised central counterparty (“B”) if any of the cases in subsection (2) begins to apply.
- (2) The cases are where A holds—
 - (a) 10% or more of the shares in B or in a parent undertaking of B (“P”),
 - (b) 10% or more of the voting power in B or P, or
 - (c) shares or voting power in B or P as a result of which A is able to exercise significant influence over the management of B.

301S Increasing control

- (1) For the purposes of this Chapter, a person (“A”) increases control over a recognised central counterparty (“B”) whenever—
 - (a) the percentage of shares which A holds in B or in a parent undertaking of B (“P”) increases by any of the steps mentioned in subsection (2),
 - (b) the percentage of voting power A holds in B or P increases by any of the steps mentioned in subsection (2), or
 - (c) A becomes a parent undertaking of B.
- (2) The steps are—
 - (a) from less than 20% to 20% or more;
 - (b) from less than 30% to 30% or more;
 - (c) from less than 50% to 50% or more.

301T Reducing or ceasing to have control

- (1) For the purposes of this Chapter, a person (“A”) reduces control over a recognised central counterparty (“B”) whenever—
 - (a) the percentage of shares which A holds in B or in a parent undertaking of B (“P”) decreases by any of the steps mentioned in subsection (2),
 - (b) the percentage of voting power A holds in B or P decreases by any of the steps mentioned in subsection (2), or
 - (c) A ceases to be a parent undertaking of B.
- (2) The steps are—
 - (a) from 50% or more to less than 50%;
 - (b) from 30% or more to less than 30%;
 - (c) from 20% or more to less than 20%.
- (3) For the purposes of this Chapter, a person (“A”) ceases to have control over a recognised central counterparty (“B”) if A ceases to be in the position of holding—
 - (a) 10% or more of the shares in B or in a parent undertaking of B (“P”);
 - (b) 10% or more of the voting power in B or P, or
 - (c) shares or voting power in B or P as a result of which A is able to exercise significant influence over the management of B.

301U Disregarded holdings

- (1) For the purposes of sections 301R to 301T, shares and voting power that a person holds in a central counterparty (“B”) or in a parent undertaking of B (“P”) are disregarded in the following circumstances.
- (2) Shares held only for the purposes of clearing and settling within a short settlement cycle are disregarded.
- (3) Shares held by a custodian or its nominee in a custodian capacity are disregarded, provided that the custodian or nominee is only able to exercise voting power represented by the shares in accordance with instructions given in writing.
- (4) Shares representing no more than 5% of the total voting power in B or P held by an investment firm are disregarded, provided that it—

- (a) holds the shares in the capacity of a market maker (as defined in Article 2(1)(6) of the markets in financial instruments regulation),
 - (b) has a Part 4A permission to carry on one or more investment services and activities, and
 - (c) neither intervenes in the management of B or P nor exerts any influence on B or P to buy the shares or back the share price.
- (5) Shares held by a qualifying credit institution or investment firm in its trading book are disregarded, provided that—
 - (a) the shares represent no more than 5% of the total voting power in B or P, and
 - (b) the voting power is not exercised or otherwise used to intervene in the management of B or P.
- (6) Shares held by a qualifying credit institution or an investment firm are disregarded, provided that—
 - (a) the shares are held as a result of performing the investment services and activities of—
 - (i) underwriting a share issue, or
 - (ii) placing shares on a firm commitment basis, and
 - (b) the qualifying credit institution or investment firm—
 - (i) does not exercise voting power represented by the shares or otherwise intervene in the management of the issuer, and
 - (ii) retains the holding for a period of less than one year.
- (7) Where a management company (as defined in section 237(2)) and its parent undertaking both hold shares or voting power, each may disregard holdings of the other, provided that each exercises its voting power independently of the other.
- (8) But subsection (7) does not apply if the management company—
 - (a) manages holdings for its parent undertaking or a controlled undertaking of its parent undertaking,
 - (b) has no discretion as to the exercise of the voting power attached to such holdings, and
 - (c) may only exercise the voting power in relation to such holdings under direct or indirect instruction from—
 - (i) its parent undertaking, or
 - (ii) a controlled undertaking of its parent undertaking.
- (9) Where an investment firm and its parent undertaking both hold shares or voting power, the parent undertaking may disregard holdings managed by the investment firm on a client by client basis and the investment firm may disregard holdings of the parent undertaking, provided that the investment firm—
 - (a) has permission to provide portfolio management,
 - (b) exercises its voting power independently from the parent undertaking, and
 - (c) may only exercise the voting power under instructions given in writing, or has appropriate mechanisms in place for ensuring that individual portfolio management services are conducted independently of any other services.
- (10) Shares acquired for stabilisation purposes in accordance with the market abuse regulation and Commission Delegated Regulation (EU) No 1052/2016 of 8 March

2016 supplementing Regulation (EU) No 596/2014 of the European Parliament and the Council with regard to the regulatory technical standards for conditions applicable to buy-back programmes and stabilisation measures^(a) are disregarded, provided that the voting power attached to those shares is not exercised or otherwise used to intervene in the management of B or P.

- (11) For the purposes of this section, an undertaking is a controlled undertaking of the parent undertaking if it is controlled by the parent undertaking; and for this purpose the question of whether one undertaking controls another is to be determined in accordance with section 89J(4) and (5).

Assessment procedure

301V Assessment: general

- (1) Where the Bank receives a section 301N notice, it must either—
 - (a) approve the acquisition to which it relates unconditionally, or
 - (b) propose to—
 - (i) approve the acquisition subject to conditions (see section 301X), or
 - (ii) object to the acquisition.
- (2) The Bank must—
 - (a) consider the suitability of the section 301N notice-giver and the financial soundness of the acquisition in order to ensure the sound and prudent management of the recognised central counterparty,
 - (b) have regard to the likely influence that the section 301N notice-giver will have on the recognised central counterparty, and
 - (c) disregard the economic needs of the market.
- (3) The Bank may only object to an acquisition—
 - (a) if there are reasonable grounds for doing so on the basis of the matters set out in section 301W(1), or
 - (b) if the information provided by the section 301N notice-giver is incomplete.

301W Assessment criteria

- (1) The matters referred to in section 301V(3)(a) are—
 - (a) the reputation of the section 301N notice-giver;
 - (b) the reputation, knowledge, skills and experience of any person who will direct the business of the recognised central counterparty as a result of the proposed acquisition;
 - (c) the financial soundness of the section 301N notice-giver, in particular in relation to the type of business that the recognised central counterparty pursues or envisages pursuing;
 - (d) whether the recognised central counterparty will be able to comply with requirements imposed by or under this Part;

^(a) EUR 2016/1052.

- (e) if the recognised central counterparty is to become part of a group as a result of the acquisition, whether that group has a structure which makes it possible to—
 - (i) exercise effective supervision,
 - (ii) exchange information among regulators, and
 - (iii) determine the allocation of responsibility among regulators;
 - (f) whether there are reasonable grounds to suspect that, in connection with the proposed acquisition—
 - (i) money laundering or terrorist financing is being or has been committed or attempted, or
 - (ii) the risk of such activity could increase.
- (2) In subsection (1)(f)(i)—
- “money laundering” has the meaning given in section 340(11) of the Proceeds of Crime Act 2002(a);
- “terrorist financing” has the meaning given in regulation 3(1) of the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 (S.I. 2017/692).

301X Approval with conditions

- (1) The Bank may impose conditions on its approval of an acquisition.
- (2) The Bank may only impose conditions where—
 - (a) if it did not impose those conditions, it would propose to object to the acquisition, or
 - (b) it appears to the Bank that it is desirable to impose those conditions in order to advance its Financial Stability Objective.
- (3) The Bank may not impose conditions requiring a particular level of holding to be acquired.
- (4) The Bank may vary or cancel the conditions.

301Y Assessment: co-operation with PRA and FCA

- (1) This section applies where the section 301N notice-giver is—
 - (a) a person in respect of whom the PRA or the FCA exercises functions, or
 - (b) a parent undertaking or controller of such a person.
- (2) The FCA or the PRA, as appropriate, must take such steps as it considers appropriate to co-operate with the Bank in connection with the exercise by the Bank of its functions under section 301V.
- (3) The Bank and the FCA or the PRA, as appropriate, must provide each other with any information which is necessary or relevant for the assessment.
- (4) Where the Bank does not approve the acquisition unconditionally, it must indicate in its decision any views expressed by the PRA or the FCA under this section in relation to the section 301N notice-giver.

(a) 2002 c. 29.

301Z Assessment: procedure

- (1) The Bank must act under section 301V within a period of 60 working days beginning with the day on which it acknowledges receipt of the section 301N notice (“the assessment period”).
- (2) Where the section 301N notice relates to an acquisition of, or increase of control over, a recognised central counterparty in relation to which the Bank is exercising functions under Schedule 11 to the Financial Services and Markets Act 2023 (central counterparties in financial difficulties), the Bank must act under this Chapter in a timely manner, and shorten the assessment period so far as reasonably practicable.
- (3) The assessment period may be interrupted, no more than once, in accordance with section 301Z1.
- (4) The Bank must inform the section 301N notice-giver in writing of—
 - (a) the duration of the assessment period,
 - (b) its expiry date, and
 - (c) any change to the expiry date by virtue of section 301Z1.
- (5) The Bank must, within two working days of acting under section 301V (and in any event no later than the expiry of the assessment period)—
 - (a) notify the section 301N notice-giver that it has determined to approve the acquisition unconditionally, or
 - (b) give a warning notice stating that it proposes to—
 - (i) approve the acquisition subject to conditions, or
 - (ii) object to the acquisition.
- (6) Where the Bank gives a warning notice stating that it proposes to approve the acquisition subject to conditions—
 - (a) it must, in the warning notice, specify those conditions, and
 - (b) the conditions take effect as interim conditions.
- (7) Unless section 301Z2 applies, the Bank is treated as having approved the acquisition if, at the expiry of the assessment period, it has neither—
 - (a) given notice under subsection (5), nor
 - (b) informed the section 301N notice-giver that the section 301N notice is incomplete.
- (8) If the Bank decides to approve an acquisition subject to conditions or to object to an acquisition, it must give the section 301N notice-giver a decision notice.
- (9) Following receipt of a decision notice under this section, the section 301N notice-giver may refer the Bank’s decision to the Tribunal.

301Z1 Requests for further information

- (1) The Bank may, no later than the 50th working day of the assessment period, in writing ask the section 301N notice-giver to provide any further information necessary to complete its assessment.
- (2) On the first occasion on which the Bank asks for further information, the assessment period is interrupted from the end of the day on which the request is made until

the end of the day on which the Bank receives the requested information (“the interruption period”).

- (3) The interruption period may not exceed—
 - (a) 20 working days, or
 - (b) where subsection (4) applies, 30 working days.
- (4) This subsection applies where the section 301N notice-giver—
 - (a) is situated or regulated outside the United Kingdom, or
 - (b) is not a relevant UK firm.
- (5) In subsection (4)(b), a “relevant UK firm” means—
 - (a) a recognised central counterparty,
 - (b) a trade repository, as defined in Article 2(2) of the EMIR regulation, which is registered with the FCA under Article 55 of the EMIR regulation;
 - (c) an investment firm, as defined in Article 2(1A) of the markets in financial instruments regulation, which has a Part 4A permission to carry on one or more investment services and activities;
 - (d) a credit institution that—
 - (i) has a Part 4A permission to carry on the regulated activity specified in article 5 of the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001 (S.I. 2001/544) (accepting deposits)(a), and
 - (ii) is a CRR firm as defined in Article 4(1)(2A) of the capital requirements regulation;
 - (e) an insurance undertaking or reinsurance undertaking;
 - (f) a UK UCITS, as defined in section 237(3), or a management company, as defined in section 237(2);
 - (g) an occupational pension scheme, as defined in section 1(1) of the Pension Schemes Act 1993;
 - (h) an AIF, as defined in regulation 3 of the Alternative Investment Fund Managers Regulations 2013 (S.I. 2013/1773), which is managed by an AIFM, as defined in regulation 4 of those Regulations, which —
 - (i) has a Part 4A permission to carry on the regulated activity of managing an AIF, or
 - (ii) is registered under Part 3 of those Regulations (small AIFMs).
- (6) The Bank may make further requests for information, but a further request does not result in a further interruption of the assessment period.
- (7) The Bank must acknowledge in writing receipt of further information before the end of the second working day following receipt.
- (8) In subsection (5)(b) “the EMIR regulation” means Regulation (EU) No 648/2012 of the European Parliament and of the Council of 4 July 2012 on OTC derivatives, central counterparties and trade repositories.

301Z2 Assessment and resolution

- (1) This section applies if—

(a) Article 5 was amended by S.I. 2002/682.

- (a) the Bank receives a section 301N notice in relation to a recognised central counterparty, and
 - (b) before completing the assessment required by section 301V, the Bank makes a relevant transfer instrument which transfers shares issued by, or voting power in, the recognised central counterparty.
- (2) The transfer of shares or voting power takes effect in accordance with the terms of the relevant transfer instrument, but the right of the person who acquires shares under that instrument (“the acquirer”) to exercise the voting power represented by those shares is suspended.
- (3) During the suspension, the voting power represented by the shares in question may be exercised by the Bank (and only by the Bank).
- (4) If the Bank gives a decision notice under section 301Z(8) objecting to the acquisition, the Bank may direct the acquirer to sell the shares within a period specified by the Bank in the direction (“the sale period”).
- (5) In determining the sale period, the Bank must take account of prevailing market conditions.
- (6) The suspension provided for in subsection (2) ends—
 - (a) if the Bank gives notice under section 301Z(5)(a) or (b)(i) that it approves the acquisition, on the date of that notice, or
 - (b) if the Bank gives a direction under subsection (4), on the earlier of the day on which the sale period ends and the day on which the shares are sold.
- (7) In this section a “relevant transfer instrument” means an instrument which—
 - (a) is made by the Bank in exercise of its functions under any of the provisions of Schedule 11 to the Financial Services and Markets Act 2023 (central counterparties) except paragraph 29 (transfer to a bridge central counterparty), and
 - (b) transfers, or has the effect of transferring, shares issued by, or voting power in, the recognised central counterparty.

301Z3 Duration of approval

- (1) Approval of an acquisition (whether granted unconditionally or subject to conditions) is effective for such period as the Bank may specify in writing.
- (2) Where the Bank has specified a period under subsection (1), it may extend the period.
- (3) Where the Bank has not specified a period, the approval is effective for one year beginning with—
 - (a) the date of the notice given under 301Z(5)(a) or (b)(i),
 - (b) the date on which the Bank is treated as having given approval under section 301Z(7), or
 - (c) the date of a decision on a reference to the Tribunal which results in the person receiving approval.

301Z4 Objection by the Bank of England

- (1) The Bank may object to a person's control over a recognised central counterparty in any of the circumstances specified in subsection (2).
- (2) The circumstances are that the Bank reasonably believes that—
 - (a) the person acquired or increased control without giving notice under section 301N(1) in circumstances where notice was required,
 - (b) the person was in breach of a condition imposed under section 301X, or
 - (c) there are grounds for objecting to control on the basis of the matters in section 301W(1).
- (3) The Bank—
 - (a) must take into account whether influence exercised by the person is likely to operate to the detriment of the sound and prudent management of the recognised central counterparty, and
 - (b) may take into account whether the person has co-operated with any information requests made or requirements imposed by the Bank.
- (4) If the Bank proposes to object to a person's control over a recognised central counterparty, it must give that person a warning notice.
- (5) If the Bank decides to object to a person's control over a recognised central counterparty, it must give that person a decision notice.
- (6) A person to whom the Bank gives a decision notice under this section may refer the matter to the Tribunal.

301Z5 Restriction notice

- (1) The Bank may give notice in writing ("a restriction notice") to a person in the following circumstances.
- (2) The circumstances are that—
 - (a) the person has control over a recognised central counterparty by virtue of holding shares or voting power, and
 - (b) in relation to the shares or voting power, the Bank has given the person a warning notice or a decision notice under section 301Z or 301Z4 or a final notice which confirms a decision notice given under section 301Z or 301Z4.
- (3) In a restriction notice, the Bank may direct that shares or voting power to which the notice relates are, until further notice, subject to one or more of the following restrictions—
 - (a) except by court order, an agreement to transfer or a transfer of any such shares or voting power or, in the case of unissued shares, any agreement to transfer or transfer of the right to be issued with them, is void;
 - (b) no voting power is to be exercisable;
 - (c) no further shares are to be issued in pursuance of any right of the holder of any such shares or voting power or in pursuance of any offer made to their holder;

- (d) except in a liquidation, no payment is to be made of any sums due from the body corporate on any such shares, whether in respect of capital or otherwise.
- (4) A restriction notice takes effect—
 - (a) immediately, or
 - (b) on such date as may be specified in the notice.
- (5) A restriction notice does not extinguish rights which would be enjoyable but for the notice.
- (6) A copy of the restriction notice must be served on—
 - (a) the recognised central counterparty in question, and
 - (b) in the case of shares or voting power held in a parent undertaking of a recognised central counterparty, the parent undertaking.
- (7) A person to whom the Bank gives a restriction notice may refer the matter to the Tribunal.

301Z6 Orders for sale of shares

- (1) The court may, on the application of the Bank, order the sale of shares or the disposition of voting power in the following circumstances.
- (2) The circumstances are that—
 - (a) a person has control over a recognised central counterparty by virtue of holding the shares or the voting power, and
 - (b) the acquisition or continued holding of the shares or voting power by that person is in contravention of a final notice which confirms a decision notice given under section 301Z or 301Z4.
- (3) Where the court orders the sale of shares or disposition of voting power it may—
 - (a) if a restriction notice has been given in relation to the shares or voting power, order that the restrictions cease to apply, and
 - (b) make any further order.
- (4) Where the court makes an order under this section, it must take into account the level of holding that the person would have been entitled to acquire, or to continue to hold, without contravening the final notice.
- (5) If shares are sold or voting power disposed of in pursuance of an order under this section, any proceeds, less the costs of the sale or disposition, must be paid into court for the benefit of the persons beneficially interested in them; and any such person may apply to the court for payment of a whole or part of the proceeds.
- (6) The jurisdiction conferred by this section is exercisable—
 - (a) in England and Wales and Northern Ireland, by the High Court, and
 - (b) in Scotland, by the Court of Session.

301Z7 Obligation to notify the Bank of England: dispositions of control

- (1) A person who decides to reduce or cease to have control over a recognised central counterparty must give the Bank notice in writing before making the disposition.
- (2) For the purposes of calculations relating to this section, the holding of shares or voting power by a person (“A1”) includes any shares or voting power held by another (“A2”) if A1 and A2 are acting in concert.

301Z8 Requirements for notices under section 301Z7

- (1) A notice under section 301Z7 must be in such form, include such information and be accompanied by such documents as the Bank may reasonably require.
- (2) The Bank must publish a list of its requirements as to the form, information and accompanying documents for a notice under section 301Z7.
- (3) The Bank may impose different requirements for different cases and may vary or waive requirements in particular cases.

Offences

301Z9 Offences under this Chapter

- (1) A person who fails to comply with an obligation to notify the Bank under section 301N(1) or 301Z7(1) is guilty of an offence.
- (2) A person who gives notice to the Bank under section 301N(1) and makes the acquisition to which the notice relates before the expiry of the assessment period is guilty of an offence unless—
 - (a) the Bank has approved the acquisition,
 - (b) the Bank has given a warning notice under section 301Z(5)(b)(i), or
 - (c) section 301Z2 applies.
- (3) A person who contravenes an interim condition in a warning notice given under section 301Z(5)(b)(i) or a condition in a decision notice given under section 301Z(8) or a final notice which confirms a decision notice under that section is guilty of an offence.
- (4) A person who makes an acquisition in contravention of a warning notice given under section 301Z(5)(b)(ii) or a decision notice given under section 301Z(8) or a final notice which confirms a decision notice given under that section is guilty of an offence.
- (5) A person who makes an acquisition after the Bank’s approval for the acquisition has ceased to be effective by virtue of section 301Z3 is guilty of an offence.
- (6) A person who provides to the Bank for the purposes of this Chapter information which is false in a material particular is guilty of an offence.
- (7) A person who breaches a direction contained in a restriction notice given under section 301Z5 is guilty of an offence.

- (8) A person guilty of an offence under subsection (1) to (3) or (5) to (7) is liable—
 - (a) on summary conviction in England and Wales, to a fine;
 - (b) on summary conviction in Scotland or Northern Ireland, to a fine not exceeding the statutory maximum;
 - (c) on conviction on indictment, to a fine.
- (9) A person guilty of an offence under subsection (4) is liable—
 - (a) on summary conviction in England and Wales, to a fine;
 - (b) on summary conviction in Scotland or Northern Ireland, to a fine not exceeding the statutory maximum;
 - (c) on conviction on indictment, to imprisonment for a term not exceeding two years, or a fine, or both.

301Z10 Interpretation

In this Chapter—

“acquisition” means the acquisition of control or of an increase in control over a recognised central counterparty;

“the Bank” means the Bank of England;

“shares” and “voting power” each has the meaning given in section 422.”.

Determining applications: period for approval

19. In section 309L (determining applications: period for approval), in subsection (3)(b)(ii), for “Article 17(7) of the EMIR regulation” substitute “section 290(1CA)”.

Public censure

20. In section 312E of FSMA 2000 (public censure), in subsection (3)(a), for “third country” substitute “an overseas”.

Interpretation of Part 18 of FSMA 2000

21.—(1) In section 313 of FSMA 2000 (interpretation of Part 18), in subsection (1)—

(a) at the appropriate places insert—

““clearing member”, in relation to a central counterparty, means an undertaking which participates in the central counterparty and which is responsible for discharging the financial obligations arising from that participation;”;

““working day” means a day other than—

- (a) a Saturday, a Sunday, Christmas Day or Good Friday, or
- (b) a day which is a bank holiday in England and Wales under the Banking and Financial Dealings Act 1971”;

(b) omit the definition of “Tier 2 third country central counterparty”.

(2) In section 301M of FSMA 2000 (interpretation of Chapter 1A of Part 18), omit subsection (2) (which defines “working day” for the purposes of that Chapter).

Power of Bank of England to impose requirements

22.—(1) In Schedule 17A to FSMA 2000 (further provision in relation to exercise of functions by Bank of England), paragraph 9B (requirements) is amended as follows.

(2) Before sub-paragraph (1) insert—

“(A1) The power conferred by section 55L(1) (FCA power to impose requirements where application made for Part 4A permission or variation of Part 4A permission) is exercisable by the Bank where an application has been made for the making or variation of a recognition order in relation to a central counterparty.”.

(3) In sub-paragraph (6), after “sub-paragraph” insert “(A1) or”.

(4) In sub-paragraph (7), for the words from “Bank” to the end substitute “Bank, on the application of a relevant FMI entity—

- (a) to impose requirements on that entity, or
- (b) to vary or cancel a requirement imposed on that entity.”.

(5) In sub-paragraph (9), for paragraph (h) substitute—

“(h) section 55X(1)(b) and (d), (2), and (4)(b), (d) and (f) (warning notices and decision notices relating to requirements);”.

(6) In sub-paragraph (10)—

- (a) in paragraph (b), after “sub-paragraph” insert “(A1) or”;
- (b) in paragraph (e), for “activities”, in the second place where it occurs, substitute “clearing services which are to be specified in a recognition order or”;
- (c) after paragraph (e) insert—
 - “(f) in section 55P(1)(a), the reference to a person being given a Part 4A permission is to be read as a reference to a recognition order being made in respect of a central counterparty;
 - (g) in section 55X(1)(b) and (d) and (4)(b) and (d), the references to the giving or varying of a Part 4A permission are to be read as references to the making or varying of a recognition order”.

PART 3

Amendments of secondary legislation

Recognition requirements

23. In the Financial Services and Markets Act 2000 (Recognition Requirements for Investment Exchanges, Clearing Houses and Central Securities Depositories) Regulations 2001^(a), in Part 5 of the Schedule (recognition requirements for central counterparties), for paragraph 29 and the italic heading preceding it substitute—

“General requirements

29. A central counterparty providing clearing services must have established all the necessary arrangements to comply with—

- (a) rules made by the Bank of England under section 300F of the Act in relation to recognised central counterparties, and
- (b) the requirements set out in the EMIR regulation (within the meaning of section 313 of the Act).

^(a) S.I. 2001/995.

29ZA. The central counterparty must be a designated system as defined in regulation 2(1) of the Financial Markets and Insolvency (Settlement Finality) Regulations 1999(a).

Persons with qualifying holdings or close links

29ZB.—(1) The central counterparty must have informed the Bank of England—

- (a) of the identities of the persons who have qualifying holdings in it, and
- (b) of the amounts of those holdings.

(2) The Bank of England must be satisfied as to the suitability of those persons, taking into account the need to ensure the sound and prudent management of a central counterparty.

(3) In this paragraph “qualifying holding”, in relation to a central counterparty, means any direct or indirect holding which—

- (a) represents at least 10% of the capital or voting rights of the central counterparty, or
- (b) makes it possible to exercise significant influence over the management of the central counterparty.

29ZC.—(1) Where close links exist between the central counterparty and one or more other persons, those links must not prevent the effective exercise of the supervisory functions of the Bank of England under the Act.

(2) Where the central counterparty has close links with a person who is subject to the laws, regulations or administrative provisions of a country or territory outside the United Kingdom (“the foreign provisions”), those foreign provisions, or any deficiency in their enforcement, must not be such as, in the opinion of the Bank of England, to prevent the effective exercise of the Bank’s supervisory functions.

(3) A central counterparty (“A”) has close links with another person (“CL”) if—

- (a) CL is a parent undertaking of A,
- (b) CL is a subsidiary undertaking of A,
- (c) CL is a parent undertaking of a subsidiary undertaking of A,
- (d) C is a subsidiary undertaking of a parent undertaking of A,
- (e) CL owns or controls 20% or more of the voting rights or capital of A, or
- (f) A owns or controls 20% or more of the voting rights or capital of CL.”.

Overseas recognition regime designation

24. [In the Financial Services (Overseas Recognition Regime Designations) Regulations 2025(b), in the Schedule, before paragraph 1 insert—

“**A1.** Section 300EB of FSMA 2000.”.]

PART 4

Supplemental [to be inserted]

Consequential amendments

25.—(1) [Further amendments of Schedule 17A to FSMA 2000 to be inserted]

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- (a) S.I. 1999/2979.
 - (b) S.I. 2025/***.

(2) [*Amendments of other legislation to be inserted*]

Transitional provisions

26. [*To be inserted*]

[Name]
[Name]

Two of the Lords Commissioners of His Majesty's Treasury

EXPLANATORY NOTE

(This note is not part of the Regulations)

These Regulations restate certain provisions of Title III (authorisation and supervision of CCPs) and Title IV (requirements for CCPs) of Regulation (EU) No 648/2012 of the European Parliament and of the Council of 4 July 2012 on OTC derivatives, central counterparties and trade repositories (“the EMIR regulation”). These provisions, together with the rest of the EMIR regulation, are revoked by section 1(1) of, and Schedule 1 to, the Financial Services and Markets Act 2023 (c. 29).

The provisions are restated in amendments of the Financial Services and Markets Act 2000 (c. 8) (“FSMA 2000”) and of the Financial Services and Markets Act 2000 (Recognition Requirements for Investment Exchanges, Clearing Houses and Central Securities Depositories) Regulations 2001 (S.I. 2001/995) (“the Recognition Requirements Regulations”).

The provisions of the EMIR regulation that are restated, in some cases with modifications, include—

- Article 17(2), (3), (4) and (7) (see the amendments of section 290 of FSMA 2000 made by regulation 6);
- Article 20 (see the amendments of section 297 of FSMA 2000 made by regulation 13);
- Article 21(1) (see the new section 294A inserted in FSMA 2000 by regulation 10);
- Article 25 (see provisions included in the new sections 300EA to 300EL inserted in FSMA 2000 by regulation 14);
- Article 25b(1) and (2) (see the new section 300EJ inserted in FSMA 2000 by regulation 14);
- Article 25p (see the new section 300EK inserted in FSMA 2000 by regulation 14);
- Article 30(1), (2), (3) and (5) (see the amendments of the Recognition Requirements Regulations made by regulation 23);
- Articles 31 and 32 (see the new Chapter 1B inserted in Part 18 of FSMA 2000 by regulation 18);
- Article 48(3) (see the new section 301ZA inserted in FSMA 2000 by regulation 17);
- Article 49(1d) (see the new section 296B inserted in FSMA 2000 by regulation 12).