



BANK OF ENGLAND

Sir Jon Cunliffe
Deputy Governor Financial Stability

28 March 2018

Dear Chief Executive Officer,

1. My letter of 20 December 2017 set out how the Bank envisages non-UK CCPs will be recognised to provide services in the UK once the UK has withdrawn from the EU. This letter sets out the position following the outcome of last week's EU Council.
2. The Bank of England welcomes the agreement between the UK and EU27 that there should be an implementation period until the end of 2020 as part of the UK's Withdrawal Agreement with the EU. The foundation of the Bank of England's approach to preparations for EU withdrawal remains the presumption that there will continue to be a high degree of supervisory cooperation between the UK and the EU.
3. The Bank has made clear that it would be difficult, ahead of March 2019, for all financial institutions to have completed all of the necessary steps required to mitigate the risks to the provision of financial services in the EU and the UK.
4. The Government has committed to bring forward legislation, if necessary, to create a temporary recognitions regime to allow relevant firms to continue their activities in the UK for a limited period after withdrawal. In the unlikely event that the Withdrawal Agreement is not ratified, this provides confidence that a back-stop will be available.
5. In light of this, non-UK CCPs will continue to be able to provide services in the UK after Brexit. Non-UK CCPs may plan on the assumption that recognition by the Bank will only be needed by the end of the implementation period. These CCPs are encouraged to continue engaging with the Bank on the recognition process but to consider how best to make use of the additional time provided by the implementation period in their planning.
6. The Bank will continue to work closely with CCPs and will provide guidance to them on the timing of their submission of information in the light of CCPs' individual circumstances, in the context of any relevant developments in the political process, and with a view to making the process run as smoothly as possible.
7. Where a CCP has already provided the Bank with the information currently required for recognition under EU law, the Bank will continue to make use of this information for the purposes of pre-application discussions with that CCP. If this information needs to be updated before a CCP makes a formal recognition application, then the Bank will work with the CCP to ensure that this can be done in a practical manner. The Bank will treat any information received from CCPs for these purposes as confidential.

8. CCPs are encouraged to contact the Bank by email at FMI-Enquiries@bankofengland.co.uk if they require further guidance.

Yours sincerely

A handwritten signature in black ink, appearing to read 'J. Cunliffe', written in a cursive style.

Sir Jon Cunliffe
Deputy Governor Financial Stability