



BANK OF ENGLAND

Rt Hon. Nicky Morgan MP
Chair of the Treasury Committee
House of Commons

Sir Jon Cunliffe
Deputy Governor Financial Stability

Sam Woods
Deputy Governor Prudential Regulation

28 February 2019

The Bank of England's amendments to financial services legislation under the European Union (Withdrawal) Act 2018 – Publication of Policy Statement and other materials.

We are writing to inform you that we are today publishing a package of materials updating firms on our regulatory and supervisory approach in relation to our work on EU withdrawal.

Today's package is accessible via this [link](#). Amongst other things, it covers the use of the temporary transitional power in which the Treasury Select Committee has expressed a particular interest and that we had the opportunity to discuss at the hearing on 29 January 2019. Thank you for the support you offered for this measure in the Commons debate earlier this week.

The package builds on our previous engagement with firms on their preparations around EU withdrawal, and acts as a contingency for a scenario in which the implementation period, which has been agreed in principle as part of the UK's Withdrawal Agreement with the EU, does not take effect on 29 March 2019. It reflects close coordination between the Bank and the FCA, whose package of communications is also being released today.

The package does three things:

- **First, it confirms our intention to provide firms with broad transitional relief with respect to changes to their regulatory obligations in the event that the UK withdraws from the EU in March 2019 without an implementation period.** As discussed at the hearing on 29 January, our position remains to use the temporary transitional power in such a way that in all but certain limited exceptions – as noted in today's announcement – UK regulated firms do not generally need to take action now to implement changes in UK law arising from the UK's withdrawal. We are publishing near-final directions that will implement transitional relief for a period of 15 months from exit day, subject to limited exceptions. This is in line with the approach taken by the FCA and the near-final directions have been shared with HM Treasury and the FCA in advance of today's publication. We are also publishing detailed guidance for firms on how this transitional relief will apply. Our use of the temporary transitional power is subject to the Financial Services and Markets Act 2000 (Amendment) (EU Exit) Regulations 2019 Statutory Instrument ('the FSMA SI') being made law.
- **Second, it confirms our approach to changes to our rules and Binding Technical Standards (BTS) as a result of EU withdrawal.** In doing so, it sets out changes to obligations on firms that will apply once the transitional relief falls away. The changes we are making are to ensure that there is a functioning legal framework for UK financial regulation when the UK leaves the EU.

They do not reflect any change in Bank or PRA policy, except to reflect the UK's withdrawal from the EU. We are today publishing the rule and BTS instruments in near-final form.

- **Third, it sets out the roles and responsibilities the Bank will be taking on in March 2019 if the UK leaves the EU without an implementation period.** The transferred responsibilities would take effect on exit day.

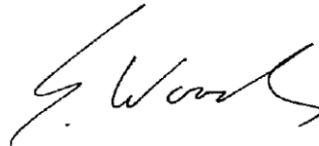
We will communicate if and when the policy materials, including the directions that give effect to the temporary transitional power and all rule and BTS instruments, are made final and set to enter into force on Exit Day.

As discussed at the hearing on 29 January, and consistent with the obligation set out in the FSMA SI, we intend to report to Parliament on the use of the temporary transitional power after the end of the first calendar year in which the power is used.

Yours sincerely



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Deputy Governor Financial Stability



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Deputy Governor and CEO,
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