

UK financial market infrastructure broadly happy over coordination with regulators, BOE reports

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Central counterparties, securities depositories and recognized investment exchanges have a long-term framework for cooperation with their supervisors — the central bank, the Financial Conduct Authority and the Payment Systems Regulator.

It is structured though a memorandum of understanding, or MOU, that helps guide "effective supervision and policy making by exchanging information between the regulators and promote efficiency by minimizing duplication of regulatory activities," according to the BOE.

In a statement on the latest review yesterday, the BOE said: "Overall, the bank and the FCA concluded that the MOU's arrangements for cooperation remain effective. In the main, there has been strong coordination and material duplication has been avoided."

"Respondents emphasized the importance of effective co-ordination and there was mostly positive feedback on the regular and constructive engagement with the Bank and FCA in the context of significant market disruptions during 2022, including following Russia's invasion of Ukraine in February 2022."

Feedback to the regulators included comment from one company that they could have been more proactive in their coordination to avoid delay or duplication, and another identified an instance where improved coordination could have reduced its regulatory burden.

Respondents also believed there was effective co-operation on operational resilience, the BOE said, adding that respondents called for closer coordination on priorities such as the Financial Services Markets Act 2023 and development of international standards on operational resilience.

"The authorities have also made minor updates to the MOU to ensure it remains up to date in light of regulatory changes, including the UK's withdrawal from the European Union", the bank said, adding that it will keep it under review as EU laws are replaced over time.

The MOU is one of two in relation to regulatory coordination; the other is with payment systems operators. That MOU was last reviewed in March this year.

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Areas of Interest: Sector Regulation

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