

PRESS RELEASE

ESMA and EU securities regulators agree no-deal Brexit MoUs with FCA

The European Securities and Markets Authority (ESMA) and European securities regulators have agreed Memoranda of Understanding (MoUs) with the Financial Conduct Authority (FCA) of the United Kingdom (UK).

The MoUs form part of authorities' preparations should the UK leave the EU without a withdrawal agreement, the no-deal Brexit scenario. The MoUs will therefore only take effect in the event of a no-deal Brexit scenario. The MoUs are similar to those already concluded on the exchange of information with many third country supervisory authorities.

The MoUs are:

1. an MoU between ESMA and the FCA concerning the exchange of information in relation to the supervision of credit rating agencies (CRAs) and trade repositories (TRs). The MoU will allow ESMA to continue to discharge its mission and meet its mandate regarding investor protection, orderly markets and financial stability in the EU; and
2. a multilateral MoU (MMoU) between EU/EEA securities regulators and the FCA covering supervisory cooperation, enforcement and information exchange between individual regulators and the FCA, and will allow them to share information relating to, amongst others, market surveillance, investment services and asset management activities. This, in turn, will allow certain activities, such as fund manager outsourcing and delegation, to continue to be carried out by UK based entities on behalf of counterparties based in the EEA.

Notes for editors

1. Under EU legislation it is possible for fund managers to delegate portfolio management services to a third party in another country, including countries outside the EU. In relation to funds and managers authorised under the relevant EU legislation, there are requirements for cooperation agreements between the supervisory authorities in the relevant EU member state and the non-EU country concerned.
2. ESMA's mission is to enhance investor protection and promote stable and orderly financial markets.

It achieves these objectives through four activities:

- i. assessing risks to investors, markets and financial stability;
 - ii. completing a single rulebook for EU financial markets;
 - iii. promoting supervisory convergence; and
 - iv. directly supervising specific financial entities.
3. ESMA achieves its mission within the European System of Financial Supervision (ESFS) through active cooperation with the European Banking Authority (EBA), the European Insurance and Occupational Pensions Authority (EIOPA), the European Systemic Risk Board, and with national authorities with competencies in securities markets (NCAs).

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