

Global Regulation Tomorrow

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BoE and FCA issue joint statement on their MoU on the supervision of FMIs



By Anita Edwards & Simon Lovegrove (UK) on August 7, 2024

On 7 August 2024, the Bank of England (**BoE**) and the Financial Conduct Authority (**FCA**) published a **joint statement** regarding their Memorandum of Understanding (**MoU**) on the supervision of financial market infrastructures (**FMIs**).

The BoE and FCA have an MoU in place to facilitate their effective supervision and policy making in relation to FMIs, on which they cooperate. The MoU allows for the exchange of information between the BoE and FCA and is intended to promote efficiency by minimising duplication of regulatory activities regarding FMIs.

Review of the MoU

The MoU is required to be reviewed annually to ensure it is proving effective, and this involves requesting feedback from supervised FMIs on whether the proposed cooperation is working effectively.

Respondents agreed that the arrangements of the MoU are proving to be effective and emphasised the importance of close and effective coordination between the authorities. The BoE and FCA note that they agree the MoU arrangements regarding cooperation continue to be effective, with appropriate coordination and no material duplication between them. They confirm that they will seek to address any specific areas identified by firms, including the need for

collaboration in relation to new rulemaking powers.

Looking ahead

The MoU is due to be updated in 2024 to reflect changes related to the Financial Services and Markets Act 2023, as well as new areas that require coordination, including regulatory sandboxes, in which innovations can be safely tested, and policy initiatives.

A separate MoU is also in the process of being agreed by the BoE and FCA, setting out how they plan to cooperate with each other in relation to the operation and supervision of the Digital Securities Sandbox (**DSS**). This new MoU will be published before supervision in the DSS begins.

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