Draft Regulations laid before Parliament under paragraph 2(2) of Schedule 2 to the European Communities Act 1972 and paragraph 1(1) of Schedule 7 to the European Union (Withdrawal) Act 2018, for approval by resolution of each House of Parliament.

DRAFT STATUTORY INSTRUMENTS

2020 No. 0000

EXITING THE EUROPEAN UNION

FINANCIAL SERVICES AND MARKETS

The Financial Services (Miscellaneous Amendments) (EU Exit) Regulations 2020

Made - - - - ***

Coming into force in accordance with regulation 1

The Treasury are a government department designated(**a**) for the purposes of section 2(2) of the European Communities Act 1972(**b**) in relation to financial services.

The Treasury make these Regulations in exercise of the powers conferred by section 2(2) of, and paragraph 1A of Schedule 2 to, the European Communities Act 1972 and section 8(1) of, and paragraph 21 of Schedule 7 to, the European Union (Withdrawal) Act 2018(**c**).

A draft of these Regulations has been approved by a resolution of each House of Parliament in accordance with paragraph 2(2) of Schedule 2 to the European Communities Act 1972 and paragraph 1(1) of Schedule 7 to the European Union (Withdrawal) Act 2018.

PART 1

General provision

Citation and commencement

1.—(1) These Regulations may be cited as the Financial Services (Miscellaneous Amendments) (EU Exit) Regulations 2020.

(**a**) S.I. 2012/1759.

(**b**) 1972 c. 68. The European Communities Act 1972 was repealed by section 1 of the European Union (Withdrawal) Act 2018 (c. 16) with effect from exit day, but saved with modifications until IP completion day by section 1A of that Act (as inserted by section 1 of the European Union (Withdrawal Agreement) Act 2020 (c. 1)). Section 2(2) of the European Communities Act 1972 was amended by section 27(1) of the Legislative and Regulatory Reform Act 2006 (c.51) and by section 3(3) of, and Part 1 of the Schedule to, the European Union (Amendment) Act 2008 (c. 7). Paragraph 1A of Schedule 2 was inserted by section 28 of the Legislative and Regulatory Reform Act 2006 and amended by Part 1 of the Schedule to the European Union (Amendment) Act 2008 and S.I. 2007/1388.

(**c**) 2018 c. 16, as amended by 2020 c. 1, which inserted section 8A and omitted section 8(7)(e).

(2) This regulation and regulations 2, 3, 5, 6, 11 and 16 come into force on the day after the day on which these Regulations are made.

(3) Regulations 7 to 10, 12 to 14 and 17 come into force immediately before IP completion day.

(4) Regulations 4, 15 and Part 3 come into force on IP completion day.

PART 2

Amendment of secondary legislation

The Financial Services and Markets Act 2000 (Qualifying EU Provisions) Order 2013

2. In article 1 (citation, commencement and interpretation) of the Financial Services and Markets Act 2000 (Qualifying EU Provisions) Order 2013(**a**), for paragraphs (3) and (3A) substitute—

> "(3) Any reference in this Order to an EU Regulation, or part of an EU Regulation, is to be read as a reference to that EU Regulation, or that part of that EU Regulation, as amended from time to time.".

The Financial Services and Markets Act 2000 (Qualifying EU Provisions) (No. 2) Order 2013

3. In article 1 (citation, commencement and interpretation) of the Financial Services and Markets Act 2000 (Qualifying EU Provisions) (No. 2) Order 2013(**b**), for paragraph (3) substitute—

> "(3) Any reference in this Order to an EU Regulation, or part of an EU Regulation, is to be read as a reference to that EU Regulation, or that part of that EU Regulation, as amended from time to time.".

The Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017

4. —(1) The Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017(**c**) are amended as follows.

(2) In regulation 33(6)(a)(viii) (obligation to apply enhanced customer due diligence)—

(a) for "an EEA state" substitute "a state";

(b) for "that EEA state" substitute "that state".

(3) In regulation 50 (duty to co-operate)—

(a) in paragraph (1), omit sub-paragraph (c);

(b) after paragraph (1), insert—

> "(1A) A supervisory authority may take such steps as it considers appropriate to co-operate with overseas authorities—
>
> (a) for the purposes of these Regulations, and
>
> (b) to ensure the effective supervision of a relevant person to which paragraph (2) applies.";

(c) in paragraph (3)(b), in the opening words, for "an EEA state" substitute "a third country".

(4) For regulation 52A(4)(b) (obligation of confidentiality) substitute—

> "(b) a UK authority and a competent authority in a third country supervising any credit or financial institution in accordance with—

(**a**) S.I. 2013/419, amended by S.I. 2019/632 and 1416 and 2020/117.
(**b**) S.I. 2013/3116, amended by S.I. 2019/632.
(**c**) S.I. 2017/692, amended by S.I. 2019/1511.

(i) the fourth money laundering directive or other legislative acts relating to credit institutions or financial institutions;

(ii) laws imposing requirements on credit institutions or financial institutions which have an equivalent effect to those laid down in the fourth money laundering directive.".

The Financial Regulators' Powers (Technical Standards etc.) (Amendment etc.) (EU Exit) Regulations 2018

5.—(1) The Financial Regulators' Powers (Technical Standards etc.) (Amendment etc.) (EU Exit) Regulations 2018(**a**) are amended as follows.

(2) After regulation 2 (interpretation) insert—

"References to EU Regulations

2A. In these Regulations, references to EU Regulations are to those EU Regulations as they have effect from time to time.".

(3) In the Schedule—

(a) in Part 1—

(i) after paragraph 69F, insert—

"**69G.** Commission Delegated Regulation (EU) 2019/1851 of 28 May 2019 supplementing Regulation (EU) 2017/2402 of the European Parliament and of the Council with regard to regulatory technical standards on the homogeneity of the underlying exposures in securitisation.";

(ii) after paragraph 74, insert—

"**74A.** Commission Delegated Regulation (EU) 2019/815 of 17 December 2018 supplementing Directive 2004/109/EC of the European Parliament and of the Council with regard to regulatory technical standards on the specification of a single electronic reporting format.";

(b) in Part 5, before paragraph 175, insert—

"**174A.** Commission Delegated Regulation (EU) 2016/2021 of 2 June 2016 supplementing Regulation (EU) No 600/2014 of the European Parliament and of the Council on markets in financial instruments with regard to regulatory technical standards on access in respect of benchmarks.".

The Central Counterparties (Amendment, etc., and Transitional Provision) (EU Exit) Regulations 2018

6. In regulation 14 (power to make regulations in respect of third countries' regulatory frameworks before IP completion day) of the Central Counterparties (Amendment, etc., and Transitional Provision) (EU Exit) Regulations 2018 (**b**), after paragraph (1) insert—

"(1A) Regulations made under paragraph (1) may contain such conditions for and limitations on the applicability of the regulations as the Treasury considers appropriate.".

The Markets in Financial Instruments (Amendment) (EU Exit) Regulations 2018

7.—(1) The Markets in Financial Instruments (Amendment) (EU Exit) Regulations 2018(**c**) are amended as follows.

(**a**) S.I. 2018/1115, amended by S.I. 2019/1390.
(**b**) S.I. 2018/1184.
(**c**) S.I. 2018/1403.

(2) Omit regulation 7(3)(c) (interpretation).

(3) In regulation 31 (non-discriminatory clearing access for financial instruments)—

(a) for paragraph (3) substitute—

"(3) In Article 37—

(a) in the second subparagraph of paragraph 2, omit "and, in particular, Article 101 and 102 TFEU";

(b) in paragraph 4—

(i) in the first subparagraph, for "ESMA shall develop draft regulatory" substitute "The FCA and the Bank of England may make",

(ii) omit the second and third subparagraphs.";

(b) for paragraph (4)(b) substitute—

"(b) in paragraph 2, in the first subparagraph, for "the Commission has adopted a decision in accordance with paragraph 3 of this Article" substitute "the Treasury has made regulations under paragraph 3 of this Article determining";";

(c) for paragraph (4)(c) substitute—

"(c) in paragraph 3, in the first subparagraph, for "The Commission may, in accordance with the examination procedure referred to in Article 51, adopt decisions determining" substitute "The Treasury may by regulations determine".".

The Money Laundering and Transfer of Funds (Information) (Amendment) (EU Exit) Regulations 2019

8.—(1) The Money Laundering and Transfer of Funds (Information) (Amendment) (EU Exit) Regulations 2019(**a**) are amended as follows.

(2) In regulation 3 (Part 1: introduction)—

(a) omit paragraph (b);

(b) in paragraph (f)(i), in new paragraph (b), for sub-paragraph (iii), substitute—

"(iii) Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market; and".

(3) In regulation 17(2)(a)(i) (information, data protection and record-retention), for "Directive 95/46/EC, as transposed into national law" substitute "Regulation (EU) 2016/679 of the European Parliament and of the Council".

The Credit Rating Agencies (Amendment etc.) (EU Exit) Regulations 2019

9.—(1) The Credit Rating Agencies (Amendment etc.) (EU Exit) Regulations 2019(**b**) are amended as follows.

(2) In regulation 56(e), for sub-paragraphs (i) to (iii) substitute—

"(i) in subparagraph 1, for "The Commission may adopt an equivalence decision in accordance with the regulatory procedure referred to in Article 38(3), stating" substitute "The Treasury may specify by regulations";

(ii) in subparagraph 3, for "the Commission shall adopt, by means of delegated acts in accordance with Article 38a, and subject to the conditions of Articles 38b and 38c, measures" substitute "The Treasury may make regulations";".

(3) For regulation 95 substitute—

(**a**) S.I. 2019/253.
(**b**) S.I. 2019/266.

"**95.** In Article 37, for the words "the Commission" to the end, substitute "the Treasury may amend Annexes I and II by regulations".".

(4) For regulation 96 substitute—

"**96.**—(1) For Article 38 substitute—

"Article 38

Treasury Regulations

1. Any power to make regulations conferred on the Treasury by this Regulation is exercisable by statutory instrument.

2. Such regulations may—

(a) make incidental, supplemental, consequential or transitional provision; and

(b) make different provision for different purposes.

3. Unless paragraph 4 applies, a statutory instrument containing regulations made under this Regulation is subject to annulment in pursuance of a resolution of either House of Parliament.

4. A statutory instrument containing regulations made in exercise of the power in subparagraph 3 of Article 5(6) may not be made unless a draft of the instrument has been laid before Parliament and approved by a resolution of each House.".

(2) Omit Articles 38a to 41.".

The Packaged Retail and Insurance-based Investment Products (Amendment) (EU Exit) Regulations 2019

10. In regulation 12(2)(a) (substitution of Article 32(1)) of the Packaged Retail and Insurance-based Investment Products (Amendment) (EU Exit) Regulations 2019(**a**), for "31 December 2019" substitute "31 December 2021".

The Equivalence Determinations for Financial Services and Miscellaneous Provisions (Amendment etc) (EU Exit) Regulations 2019

11.—(1) The Equivalence Determinations for Financial Services and Miscellaneous Provisions (Amendment etc) (EU Exit) Regulations 2019(**b**) are amended as follows.

(2) In regulation 1 (citation, commencement and interpretation)—

(a) in paragraph (4)—

(i) before sub-paragraph (a), insert—

"(za) "CSD" means a legal person that operates a securities settlement system referred to in point (3) of Section A of the Annex of the CSDR and provides at least one other core service listed in Section A of the Annex;

(zb) "CSDR" means Regulation (EU) No 909/2014 of the European Parliament and of the Council of 23 July 2014 on improving securities settlement in the European Union and on central securities depositories and amending Directives 98/26/EC and 2014/65/EU and Regulation (EU) No 236/2012;";

(ii) after sub-paragraph (h), insert—

"(ha) "MiFIR" means Regulation (EU) No 600/2014 of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Regulation (EU) No 648/2012;";

(b) for paragraph (5) substitute—

(**a**) S.I. 2019/403.
(**b**) S.I. 2019/541.

"(5) Any reference in these Regulations to a specific EU Regulation or EU Decision, or part of an EU Regulation or EU Decision, is to that EU Regulation or Decision, or that part of the EU Regulation or EU Decision, as it forms part of retained EU law on IP completion day.".

(3) In regulation 2 (equivalence directions)—

(a) after paragraph (1), insert—

"(1A) For the purposes of making determinations under paragraph (1), the Treasury may consider (among other things)—

(a) sanctions, embargos or similar measures issued by, for example, the European Union or the United Nations; and

(b) whether the relevant EEA state is a "high-risk third country" within the meaning of regulation 33(3) of the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017(**a**).

(1B) Directions under paragraph (1) may contain such conditions for or limitations on the applicability of an equivalence direction as the Treasury considers appropriate.";

(b) in paragraph (2)(a), for "exit day" substitute "IP completion day";

(c) in paragraph (5), for "the end of the period of twelve months beginning with exit day" substitute "IP completion day".

(4) In regulation 3 (exemption directions)—

(a) in paragraph (2)(a), for "exit day" substitute "IP completion day";

(b) in paragraph (5), for "the end of the period of twelve months beginning with exit day" substitute "IP completion day".

(5) In Schedule 1—

(a) in paragraph 2(a), for "Article 107(3)" substitute "Articles 107(3) and 391";

(b) after paragraph 3, insert—

"Central Securities Depositories Regulation

3A.—(1) For the purposes of Article 25(9) of CSDR, to determine that an EEA state has legal and supervisory arrangements which ensure that—

(a) CSDs authorised in that EEA state comply with legally binding requirements which are in effect equivalent to the requirements laid down in CSDR,

(b) CSDs authorised in that EEA state are subject to effective supervision, oversight and enforcement in that EEA state on an ongoing basis, and

(c) the legal framework of that EEA state provides for an effective equivalent system for the recognition of CSDs authorised under the legal regimes of other states.

(2) For the purposes of paragraph (1), the Treasury may also consider whether the legal and supervisory arrangements of that EEA state reflect the internationally agreed CPSS-IOSCO standards, in so far as the latter do not conflict with the requirements laid down in domestic legislation including CSDR.";

(c) after paragraph 4, insert—

"**4A.**—(1) For the purposes of Article 75(1) of EMIR, to determine that the legal and supervisory arrangements of an EEA state ensure that—

(a) trade repositories authorised in that EEA state comply with legally binding requirements which are equivalent to those laid down in EMIR including, where relevant, compliance with the requirements to give direct and immediate access to

(**a**) S.I. 2017/692.

the data held by the trade repository to the entities referred to in Article 81(3) of EMIR,

(b) effective supervision and enforcement of trade repositories takes place in that EEA state on an ongoing basis, and

(c) guarantees of professional secrecy exist, including the protection of business secrets shared with third parties by the authorities, and that they are at least equivalent to those set out in EMIR.

(2) Directions under regulation 2(1) must also specify the relevant authorities in that EEA state that are entitled to access data held by trade repositories established in the United Kingdom.

4B. For the purposes of Article 76a of EMIR, and upon the submission of a request by the relevant authorities of an EEA state, the Treasury may determine whether the legal framework of an EEA state of the requesting authority fulfils all of the following conditions—

(a) trade repositories established in that EEA state are duly authorised,

(b) effective supervision and enforcement of trade repositories takes place in that EEA state on an ongoing basis,

(c) guarantees of professional secrecy exist, including the protection of business secrets shared with third parties by the authorities, and they are at least equivalent to those set out in EMIR, and

(d) trade repositories authorised in that EEA state are subject to a legally binding and enforceable obligation to grant the entities referred to in Article 81(3) of EMIR direct and immediate access to the data.".

(d) in paragraph 5(1), for "Regulation (EU) No 600/2014 of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments ("MiFIR")" substitute "MiFIR";

(e) for paragraph 8, substitute—

"**8.**—(1) For the purpose of Article 47(1) of MiFIR, to determine that the legal and supervisory arrangements of an EEA state ensure that firms authorised in that EEA state comply with legally binding prudential and business conduct requirements which have equivalent effect to the requirements set out in MiFIR, in the law of the United Kingdom which was relied on by the United Kingdom immediately before IP completion day to implement Directive 2013/36/EU(**a**) and Directive 2014/65/EU(**b**), and in the implementing measures adopted under MiFIR and under those Directives and that the legal framework of that EEA state provides for an effective equivalent system for the recognition of investment firms authorised under third-country legal regimes.

(2) In sub-paragraph (1), the prudential and business conduct framework of an EEA state may be considered to have equivalent effect where that framework fulfils all the following conditions—

(a) firms providing investment services and activities in that state are subject to authorisation and to effective supervision and enforcement on an ongoing basis,

(b) firms providing investment services and activities in that state are subject to sufficient capital requirements and appropriate requirements applicable to shareholders and members of their management body,

(c) firms providing investment services and activities are subject to adequate organisational requirements in the area of internal control functions,

(d) firms providing investment services and activities are subject to appropriate conduct of business rules, and

---

(**a**) OJ No. L 176, 27.6.2013, p. 338.
(**b**) OJ No. L 173, 12.6.2014, p. 349.

(e) it ensures market transparency and integrity by preventing market abuse in the form of insider dealing and market manipulation.".

(f) in the following provisions, for "exit day", in each place it occurs, substitute "IP completion day"—

(i) paragraph 4(1)(a);

(ii) paragraph 5(1);

(iii) paragraph 5(2);

(iv) paragraph 9(7);

(v) paragraph 12(5)(b).

The Benchmarks (Amendment and Transitional Provision) (EU Exit) Regulations 2019

12.—(1) The Benchmarks (Amendment and Transitional Provision) (EU Exit) Regulations 2019(**a**) are amended as follows.

(2) In regulation 5 (definitions), after paragraph (9), insert—

"(9A) In point (23a), for "EU", in both places, substitute "UK".

(9B) In point (23b), for "EU", in both places, substitute "UK".".

(3) In regulation 11 (transparency of methodology), after paragraph (1), insert—

"(1A) In paragraph 2a, for "The Commission is empowered to adopt delegated acts in accordance with Article 49" substitute "The Treasury may make regulations".".

(4) After regulation 14 (governance and control requirements for supervised contributors), insert—

"UK Climate Transition Benchmarks and UK Paris-aligned Benchmarks

14A.—(1) Chapter 3a is amended as follows.

(2) In the title to Chapter 3a, for "EU Climate Transition Benchmarks and EU Paris-aligned Benchmarks" substitute "UK Climate Transition Benchmarks and UK Paris-aligned Benchmarks".

(3) In Article 19a—

(a) in the heading, for "EU Climate Transition Benchmarks and EU Paris-aligned Benchmarks" substitute "UK Climate Transition Benchmarks and UK Paris-aligned Benchmarks";

(b) in paragraph 1, for "EU", in both places, substitute "UK";

(c) in paragraph 2—

(i) for "The Commission is empowered to adopt delegated acts in accordance with Article 49" substitute "The Treasury may make regulations";

(ii) for "EU", in both places, substitute "UK";

(d) in paragraph 3, for "EU", in both places, substitute "UK".

(4) In Article 19b—

(a) in the heading, for "EU Climate Transition Benchmarks" substitute "UK Climate Transition Benchmarks";

(b) in paragraph 1, for "EU" substitute "UK".

(5) In Article 19c—

(a) in the heading, for "EU Paris-aligned Benchmarks" substitute "UK Paris-aligned Benchmarks";

(**a**) S.I. 2019/657.

(b) in paragraph 1—

(i) for "EU" substitute "UK";

(ii) for "The Commission is empowered to adopt delegated acts in accordance with Article 49" substitute "The Treasury may make regulations";

(iii) omit "The Commission shall adopt that delegated act by 1 January 2021 and update it every three years";

(c) omit paragraph 2.

(6) Article 19d is amended as follows.

(a) in the heading, for "EU Climate Transition Benchmarks" substitute "UK Climate Transition Benchmarks";

(b) in paragraph 1—

(i) for "Union" substitute "United Kingdom";

(ii) for "EU" substitute "UK".".

(5) In regulation 23 (benchmark statement), after paragraph (2), insert—

"(2A) In paragraph 2a, in the second subparagraph—

(a) for "EU Climate Transition Benchmark or UK Paris-aligned Benchmark" substitute "UK Climate Transition Benchmark or UK Paris-aligned Benchmark";

(b) for "EU Climate Transition Benchmarks and EU Paris-aligned Benchmarks" substitute "UK Climate Transition Benchmarks and UK Paris-aligned Benchmarks";

(c) omit the words "in accordance with" to the end.

(2B) In paragraph 2b, for "The Commission is empowered to adopt delegated acts in accordance with Article 49" substitute "The Treasury may make regulations".".

(6) Regulation 42 (transitional provisions) is amended as follows—

(a) in paragraph (2)—

(i) in new paragraph 1—

(aa) for "apply" substitute "have applied to the FCA";

(bb) after "Article 34", insert "of the EU Benchmarks Regulation";

(ii) in new paragraph 1A—

(aa) for "during the period specified in paragraph 1D" substitute "subject to paragraphs 1B and 1C";

(bb) omit "(but see paragraph 1B)";

(iii) in new paragraph 1B, for point (a) substitute—

"(a) before 1 January 2020, the index provider providing the benchmark made an application to the FCA for authorisation or registration under Article 34 of the EU Benchmarks Regulation; and";

(iv) omit new paragraph 1D;

(b) for paragraph (3) substitute—

"(3) Omit paragraph 2.";

(c) after paragraph (5), insert—

"(5A) In paragraph 4a, for "an implementing act adopted by the Commission in accordance with Article 20" substitute "regulations made by the Treasury under Article 20(5).";

(5B) In paragraph 4b, for "an implementing act adopted by the Commission in accordance with Article 20" substitute "regulations made by the Treasury under Article 20(5)".";

(d) in paragraph (6)—

(i) in new paragraph 5(a), for "transition period" substitute "period beginning with IP completion day and ending with 31 December 2022";

(ii) in new paragraph 5(b)—

(aa) for "1 January 2020" substitute "1 January 2023";

(bb) for "31 December 2019" substitute "31 December 2022";

(iii) in new paragraph 5A—

(aa) in point (a), for "exit day" substitute "IP completion day";

(bb) in point (b), for the words from "in accordance with" to the end substitute "in accordance with Article 36 of this Regulation";

(e) in paragraph (8), omit the definition of "transition period";

(f) after paragraph (8), insert—

"(9) Nothing in the amendments made by paragraphs (1) to (8) of this regulation affects the validity of anything done in the UK before IP completion day that was permitted by operation of Article 51 of the EU Benchmarks Regulation.".

(7) After regulation 45, (final provisions) insert—

"Annex III

45A.—(1) Annex III is amended as follows.

(2) In the title to the Annex, for "EU Climate Transition Benchmarks and EU Paris-aligned Benchmarks" substitute "UK Climate Transition Benchmarks and UK Paris-aligned Benchmarks".

(3) In the heading immediately above paragraph (1), for "EU Climate Transition Benchmarks" substitute "UK Climate Transition Benchmarks".

(4) In paragraph (1)—

(a) in each place, for "EU Climate Transition Benchmarks" substitute "UK Climate Transition Benchmarks";

(b) in the first subparagraph, for "undisclosed know-how and business information (trade secrets) as defined in Directive (EU) 2016/943 of the European Parliament and of the Council" substitute ""trade secrets" as defined in regulation 2 of the Trade Secrets (Enforcement, etc.) Regulations 2018(**a**)";

(c) in the first subparagraph, at point (e)(iv), omit "the Product and Organisation Environmental Footprint methods as defined in points (a) and (b) of point 2 of Commission Recommendation 2013/179/EU or".

(5) In the heading immediately above paragraph (2), for "EU Paris-aligned Benchmarks" substitute "UK Paris-aligned Benchmarks".

(6) In paragraph (2)—

(a) for "EU Paris-aligned Benchmarks" substitute "UK Paris-aligned Benchmarks";

(b) for "undisclosed know-how and business information (trade secrets) as defined in Directive (EU) 2016/943 of the European Parliament and of the Council" substitute ""trade secrets" as defined in regulation 2 of the Trade Secrets (Enforcement, etc.) Regulations 2018";

(7) In paragraphs (3) and (4), in each place, for "EU" substitute "UK".".

(**a**) S.I. 2018/597.

The Gibraltar (Miscellaneous Amendments) (EU Exit) Regulations 2019

13.—(1) Regulation 11 (saving for certain financial services legislation relating to Gibraltar) of the Gibraltar (Miscellaneous Amendments) (EU Exit) Regulations 2019(**a**) is amended as follows.

(2) In paragraph (5), after sub-paragraph (z2)(**b**), insert—

"(z3) the Over the Counter Derivatives, Central Counterparties and Trade Repositories (Amendment, etc., and Transitional Provision) (EU Exit) (No. 2) Regulations 2019 (except for regulation 34(a)(i) and (b))(**c**);

(z4) regulations 22 to 24 of the Financial Services (Miscellaneous Amendments) (EU Exit) Regulations 2020.".

(3) In paragraph (7), after sub-paragraph (c), insert—

"(d) for the purposes of the Regulations specified in sub-paragraphs (5)(a), (b), (p) and (z3) (which amend Regulation (EU) No 648/2012 of the European Parliament and of the Council of 4 July 2012 on OTC derivatives, central counterparties and trade repositories ("EMIR")), "firm" in paragraph (1)(b)(iii) of this regulation is to include a "pension scheme arrangement" within the meaning given by Article 2(10) of EMIR (as it has effect in EU law and as if the United Kingdom were a Member State);".

The Official Listing of Securities, Prospectus and Transparency (Amendment etc.) (EU Exit) Regulations 2019

14. In regulation 69 (amendment of European Parliament and Council Regulation (EU) 2017/1129) of the Official Listing of Securities, Prospectus and Transparency (Amendment etc.) (EU Exit) Regulations 2019(**d**), for the words "the following provisions are omitted" to the end substitute ", omit Article 3(2).".

The Proxy Advisors (Shareholders' Rights) Regulations 2019

15.—(1) The Proxy Advisors (Shareholders' Rights) Regulations 2019(**e**) are amended as follows.

(2) Regulation 2 (interpretation) is amended in accordance with paragraphs (3) and (4).

(3) In paragraph (1), in the definition of "proxy advisor"—

(a) in sub-paragraph (b)—

(i) in sub-paragraph (i), omit "or another EEA State,";

(ii) for sub-paragraph (ii) substitute—

"(ii) the shares are admitted to trading on a UK regulated market or a Gibraltar regulated market; and";

(b) in sub-paragraph (c), in sub-paragraph (ii), omit "or any other EEA State".

(4) In paragraph (2)—

(a) in sub-paragraph (a), after "companies" insert "as in force immediately before IP completion day";

(b) for sub-paragraph (b) substitute—

"(b) in the definition of "proxy advisor", in paragraph (b)—

(i) "regulated market" means a multilateral system operated or managed by a market operator, which brings together or facilitates the bringing together of

---

(**a**) S.I. 2019/680.
(**b**) Sub-paragraph (z2) was inserted by regulation 29 of S.I. 2019/1234.
(**c**) S.I. SI 2019/1416.
(**d**) S.I. 2019/707, as amended by S.I. 2019/1234.
(**e**) S.I. 2019/926.

multiple third-party buying and selling interests in financial instruments, in the system and in accordance with its non-discretionary rules, in a way that results in a contract, in respect of the financial instruments admitted to trading under its rules or systems;

(ii) "UK regulated market" means a regulated market which is a recognised investment exchange under section 285 of the Act, but not an overseas investment exchange within the meaning of section 313(1) of the Act;

(iii) "Gibraltar regulated market" means a regulated market which is authorised and functions regularly and in accordance with Part 3 of the Financial Services (Markets in Financial Instruments) Act 2018 of Gibraltar(**a**), as amended from time to time;

(iv) "shareholder" has the meaning given by Article 2.1(e) of the transparency obligations directive, within the meaning given in section 103(1) of the Act(**b**), as in force immediately before IP completion day.".

(5) In regulation 22 (application of Part 11 of the Act), omit paragraph (8)(b).

(6) In regulation 26 (application of Part 26 of the Act), in paragraph (5)(b), for "(7A) to (8F)" substitute "(8) to (8E)"(**c**).

(7) In regulation 30 (interpretation of Part 6), in paragraphs (a) and (b), omit "or another EEA State,".

The Financial Services (Electronic Money, Payment Services and Miscellaneous Amendments) (EU Exit) Regulations 2019

16. Omit regulation 20(2) (the Benchmarks (Amendment and Transitional Provision) (EU Exit) Regulations 2019) of the Financial Services (Electronic Money, Payment Services and Miscellaneous Amendments) (EU Exit) Regulations 2019(**d**).

The Prospectus (Amendment etc.) (EU Exit) Regulations 2019

17.—(1) The Prospectus (Amendment etc.) (EU Exit) Regulations 2019(**e**) are amended as follows.

(2) For regulation 30 (amendment of the Financial Services and Markets Act 2000 (Prospectus) Regulations 2019) substitute—

"Amendment of the Financial Services and Markets Act 2000 (Prospectus) Regulations 2019

30. In the Financial Services and Markets Act 2000 (Prospectus) Regulations 2019(**f**), omit regulations 2A and 6(5).".

(3) In regulation 32 (subject matter, scope and exemptions)—

(a) in paragraph (4), after sub-paragraph (a), insert—

"(aa) in point (f), before "securities", insert "subject to paragraph 6a,";

(ab) in paragraph (g), before "securities", insert "subject to paragraph 6b,";";

(b) for paragraph (5), substitute—

"(5) In paragraph 5, in the first subparagraph—

(**a**) L.N. 2017/135.
(**b**) The definition of "transparency obligations directive" was inserted by section 1265 of the Companies Act 2006 (c. 46) and amended by S.I. 2012/1538 and 2015/1755.
(**c**) Section 391(8) to (8E), amended by S.I. 2014/2879, 2016/680, 2016/715, 2017/1127 and 2019/632.
(**d**) S.I. 2019/1212.
(**e**) S.I. 2019/1234.
(**f**) S.I. 2019/1043, as amended by S.I. 2020/117.

(a) in point (e), before "securities", insert "subject to paragraph 6a,";

(b) in point (f), before "securities", insert "subject to paragraph 6b,";

(c) in point (j)(v), omit the words "in the Member State of the regulated market where admission to trading is sought" and the words "of the Member State of the regulated market where admission is sought".";

(c) after paragraph (5), insert—

"(5A) In paragraph 6a, for point (b) substitute—

"(b) the FCA has issued a prior approval, under paragraph 6c of this Article, for the documents referred to in point (f) of paragraph 4 or point (e) of paragraph 5 of this Article.".

(5B) After paragraph 6b, insert—

"6c. The FCA may issue prior approval for the documents referred to in point (f) of paragraph 4 or point (e) of paragraph 5 of this Article.".".

(4) In regulation 42 (simplified disclosure regime for secondary issuers), for paragraph (a) substitute—

"(a) for paragraph 2 substitute—

"**2.** By way of derogation from Article 6(1), and without prejudice to Article 18(1), the simplified prospectus shall contain the relevant reduced information which is necessary to enable investors to understand—

(a) the prospects of the issuer and the significant changes in the business and the financial position of the issuer and the guarantor that have occurred since the end of the last financial year, if any;

(b) the rights attaching to the securities;

(c) the reasons for the issuance and its impact on the issuer, including on its overall capital structure, and the use of the proceeds.

The information contained in the simplified prospectus shall be written and presented in an easily analysable, concise and comprehensible form and shall enable investors to make an informed investment decision. It shall also take into account the regulated information that has already been disclosed to the public pursuant to—

(a) provisions of the law of the United Kingdom relied on at the time of the disclosure in question to implement Directive 2004/109/EC, where applicable, in relation to disclosures made before IP completion day,

(b) the UK law which implemented Directive 2004/109/EC, where applicable, in relation to disclosures after IP completion day, and

(c) Regulation (EU) No 596/2014.

Those issuers referred to in point (d) of the first subparagraph of paragraph 1 of this Article that are or are not required to prepare consolidated accounts in line with section 399 of the Companies Act 2006(**a**) after their securities' admission to trading on a regulated market shall compile the most recent financial information pursuant to point (a) of the second subparagraph of paragraph 3 of this Article, containing comparative information for the previous year included in the simplified prospectus, in accordance with Article 23a of Regulation (EU) 2019/980(**b**).

Third country issuers whose securities have been admitted to trading on an SME growth market shall compile the most recent financial information pursuant to point (a) of the second subparagraph of paragraph 3 of this Article, containing comparative

(**a**) 2000 c. 46.
(**b**) As amended by S.I. 2019/1234 which inserted Article 23a.

information for the previous year included in the simplified prospectus in accordance with Article 23a of Regulation (EU) 2019/980.".".

(5) In regulation 71 (amendments of Commission Delegated Regulation (EU) 2019/980)—

(a) for paragraph (4) substitute—

"(4) In Article 24, in paragraph 5, for "competent authorities" substitute "the competent authority".";

(b) for paragraph (5) substitute—

"(5) In Article 25, in paragraph 6, for "competent authorities" substitute "the competent authority".";

(c) in paragraph (14), in sub-paragraph (a), for "(e) and (f)" substitute "(e) to (g)".

(6) In the Schedule (amendments of Annexes to Commission Delegated Regulation (EU) 2019/980)—

(a) in paragraph 6, for sub-paragraph (b) substitute—

"(b) in the second paragraph, for "a Member State" substitute "the United Kingdom".";

(b) in paragraph 19(7)(b), omit "in point (a),";

(c) in paragraph 20(6)(b), omit "in point (a),";

(d) in paragraph 22, omit sub-paragraph (8).

PART 3

Amendment and revocation of retained EU law

Regulation (EU) No 2017/1129

18.—(1) Article 1 of Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC(**a**) is amended as follows.

(2) In paragraph 3—

(a) in the first subparagraph—

(i) omit "to the second subparagraph of this paragraph and";

(ii) for "Union" substitute "United Kingdom";

(b) omit the second subparagraph.

(3) Paragraph 5 is amended in accordance with paragraphs (4) and (5).

(4) In the first subparagraph, in point (c), before "Article 53(2)" insert "the UK law which implemented".

(5) In the second subparagraph—

(a) for point (a) substitute—

"(a) where a prospectus was drawn up in accordance with—

(i) before IP completion day, either this Regulation as it had effect immediately before IP completion day or Directive 2003/71/EC(**b**), or

(ii) on or after IP completion day, this Regulation,

upon the offer to the public or admission to trading on a regulated market of the securities giving access to the shares;";

(**a**) Relevant amending instruments are S.I. 2019/707 and 2019/1234.
(**b**) OJ No. L 345, 31.12.2003, p. 64.

(b) in point (d)—

(i) for "Section 3" substitute "the UK law which implemented Section 3",

(ii) for "the Solvency Capital Requirement" substitute "the UK law which implemented the Solvency Capital Requirement", and

(iii) for "the group solvency requirement" substitute "the UK law which implemented the group solvency requirement".

Commission Delegated Regulation (EU) 2019/819

19.—(1) Commission Delegated Regulation (EU) 2019/819 of 1 February 2019 supplementing Regulation (EU) No 346/2013 of the European Parliament and of the Council with regard to conflicts of interest, social impact measurement and information to investors in the area of European social entrepreneurship funds is amended as follows.

(2) In Article 1—

(a) for "an undertaking for collective investment in transferable securities (UCITS)" substitute "a UK UCITS (within the meaning given in section 237 of the Financial Services and Markets Act 2000(**a**))";

(b) in point (d)(i), for "UCITS" substitute "UK UCITS";

(c) in point (e), for "UCITS" substitute "UK UCITS".

(3) In Article 6—

(a) in paragraph 1, omit "as referred to in point (m) of Article 2(1) of Directive 2009/65/EC of the European Parliament and of the Council";

(b) after paragraph 2 insert—

"3. In this Article, "durable medium" means an instrument which enables an investor to store information addressed personally to that investor in a way that is accessible for future reference for a period of time adequate for the purposes of the information and which allows the unchanged reproduction of the information stored.".

Commission Delegated Regulation (EU) 2019/820

20.—(1) Commission Delegated Regulation (EU) 2019/820 of 4 February 2019 supplementing Regulation (EU) No 345/2013 of the European Parliament and of the Council with regard to conflicts of interest in the area of European venture capital funds is amended as follows.

(2) In Article 1—

(a) for "an undertaking for collective investment in transferable securities (UCITS)" substitute "a UK UCITS (within the meaning given in section 237 of the Financial Services and Markets Act 2000)";

(b) in point (d), in the first bullet, for "UCITS" substitute "UK UCITS";

(c) in point (e), for "UCITS" substitute "UK UCITS".

(3) In Article 6—

(a) in paragraph 1, omit "as referred to in point (m) of Article 2(1) of Directive 2009/65/EC of the European Parliament and of the Council";

(b) after paragraph 2 insert—

"3. In this Article, "durable medium" means an instrument which enables an investor to store information addressed personally to that investor in a way that is accessible for future reference for a period of time adequate for the purposes of the information and which allows the unchanged reproduction of the information stored.".

(**a**) 2000 c. 8.

Regulation (EU) 2019/1156

21. Regulation (EU) 2019/1156 of the European Parliament and of the Council of 20 June 2019 on facilitating cross-border distribution of collective investment undertakings and amending Regulations (EU) No 345/2013, (EU) No 346/2013 and (EU) No 1286/2014 is revoked.

Regulation (EU) 2019/2088

22. Articles 4(6) and (7), 8(3), 9(5), 10(2), 11(4) and 13(2) of Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector are omitted.

Regulation (EU) 2019/2175

23. Omit Articles 1 to 3 and 6 of Regulation (EU) 2019/2175 of the European Parliament and of the Council of 18 December 2019 amending Regulation (EU) No 1093/2010 establishing a European Supervisory Authority (European Banking Authority), Regulation (EU) No 1094/2010 establishing a European Supervisory Authority (European Insurance and Occupational Pensions Authority), Regulation (EU) No 1095/2010 establishing a European Supervisory Authority (European Securities and Markets Authority), Regulation (EU) No 600/2014 on markets in financial instruments, Regulation (EU) 2016/1011 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds, and Regulation (EU) 2015/847 on information accompanying transfers of funds.

Regulation (EU) 2019/2176

24. Regulation (EU) 2019/2176 of the European Parliament and of the Council of 18 December 2019 amending Regulation (EU) No 1092/2010 on European Union macro-prudential oversight of the financial system and establishing a European Systemic Risk Board is revoked.

Name
Name
Date Two of the Lords Commissioners of Her Majesty's Treasury

EXPLANATORY NOTE

(This note is not part of the Regulations)

These Regulations are made in exercise of the powers in section 8(1) of, and paragraph 21 of Schedule 7 to, the European Union (Withdrawal) Act 2018 (c. 16) to address failures of retained EU law to operate effectively and other deficiencies arising from the withdrawal of the United Kingdom from the European Union (in particular, the deficiencies under paragraphs (a), (b), (c), (d) and (g) of section 8(2) of that Act).

Regulations 2 and 3 are also made in exercise of the powers in section 2(2) of, and paragraph 1A of Schedule 2 to, the European Communities Act 1972 (c. 68) to implement EU obligations.

A full impact assessment has not been produced for this instrument as no, or no significant, impact on the private, voluntary or public sector is foreseen.

© Crown copyright 2020

Printed and published in the UK by The Stationery Office Limited under the authority and superintendence of Jeff James, Controller of Her Majesty's Stationery Office and Queen's Printer of Acts of Parliament.

£6.90

UK202004201006 04/2020 19585

http://www.legislation.gov.uk/id/ukdsi/2020/9780111195529

ISBN 978-0-11-119552-9

9 780111 195529