

MEMO# 31632

March 1, 2019

ICI Global Joins Letter Urging EU Recognition of UK Trading Venues in Preparation for Brexit

[31632]

March 1, 2019 TO: Derivatives Markets Advisory Committee
ICI Global Trading & Markets Committee RE: ICI Global Joins Letter Urging EU Recognition of UK Trading Venues in Preparation for Brexit

ICI Global and other trade associations recently submitted the attached letter to European Commission Vice-President Dombrovskis requesting urgent action by EU authorities to adopt equivalence decisions regarding UK trading venues under the European Market Infrastructure Regulation (EMIR) and the Markets in Financial Instruments Regulation (MiFIR) in the event of a no-deal Brexit.

Part 1 of the letter explains that in the event of a no-deal Brexit, UK exchange-traded derivatives will be reclassified as over-the-counter derivatives and describes the adverse impact this change in classification would have on non-financial counterparties and small financial counterparties. Part 2 explains that a no-deal Brexit also would prevent EU27 counterparties from satisfying the derivatives trading obligation by trading on UK venues and describes how this change would affect various types of EU entities, including banks, investment firms, and end-users of derivatives. Part 3 argues that the United Kingdom will meet the criteria for equivalence under EMIR and MiFIR because the UK European Union (Withdrawal) Act 2018 provides that the regulatory requirements currently applicable to UK trading venues will continue to apply after a no-deal Brexit, with necessary modifications to reflect the non-EU status of the United Kingdom. Part 4 urges the European Commission to adopt equivalence decisions with respect to UK trading venues to reduce uncertainty and to avoid disruption of financial markets.

George M. Gilbert
Assistant General Counsel

Giles Swan
Director of Global Funds Policy, ICI Global

Copyright © by the Investment Company Institute. All rights reserved. Information may be abridged and therefore incomplete. Communications from the Institute do not constitute, and should not be considered a substitute for, legal advice.