

EXPLANATORY NOTE

(This note is not part of the Regulations)

These Regulations are made in exercise of the powers in section 8(1) of the of the European Union (Withdrawal) Act 2018 (c. 16). They make provision 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, these Regulations address deficiencies under paragraphs (a), (b), (c) and (d) of section 8(2) of the Act and transfer functions under section 8(6) of the Act.

On and after exit day, EEA states will be third countries to the UK. Third country status is relevant to several aspects of financial services law, where it is mitigated for countries that are found to have equivalent legislation and regulatory enforcement to that in the UK.

Regulation 2 provides a time-limited power to HM Treasury to determine by direction that the legal and supervisory framework of a member state of the European Union or the European Economic Area is equivalent to the framework in the United Kingdom for the purpose of provisions in retained EU law listed in Schedule 1.

Regulation 3 provides a time-limited power to HM Treasury to determine by direction that central banks and certain other bodies in the EEA are exempt from certain provisions in retained EU law.

Regulation 8 revokes the EU Regulations that established the European Supervisory Agencies and the European Systemic Risk Board.

Schedule 2 corrects deficiencies in decisions in retained EU law made under the equivalence regimes listed in Schedule 1.

An impact assessment of the effect that this instrument will have on the costs of business, the voluntary sector and the public sector is available from HM Treasury, 1 Horse Guards Road, London SW1A 2HQ and is published alongside this instrument at www.legislation.gov.uk.