

BROKER-DEALER

European Commission Adopts Equivalence Decision With Respect to SEC Regulatory Framework for Central Counterparties

On January 27, Allison Herren Lee, the acting chair of the Securities and Exchange Commission, announced the European Commission's (EC) adoption of an equivalence decision, stating that the SEC's regulatory framework applicable to central counterparties (CCPs) that are "covered clearing agencies" under SEC rules is equivalent to relevant European legal and regulatory requirements.

In making its determination, the EC considered regulations promulgated by the SEC, the legal and supervisory arrangements applicable to CCPs under SEC-administered securities laws and internal CCP rules approved by the SEC pursuant to its self-regulatory organization (SRO) rule filing process. The EC determined that the outcome of the SEC's legal and supervisory arrangements, as well as the SRO rules, is equivalent to the applicable requirements under EU law, to the extent these US requirements meet certain risk mitigation standards specified in the EC's implementing decision. The EC also found that the SEC's legal and supervisory arrangements provide for effective ongoing supervision and enforcement of such CCPs and determined that the SEC has an effective equivalent system for recognizing CCPs authorized under third-country legal regimes. As a result of the equivalence decision, US CCPs can apply for recognition by the European Securities and Markets Authority (ESMA) and, once recognized by ESMA, will be able to provide central clearing services in the EU.

[Acting Chair Lee's statement.](#)

[The EC's equivalence decision.](#)

BREXIT/UK DEVELOPMENTS

FCA Publishes SEC MoU on Financial Services Supervision Post-Brexit

On January 22, the UK's Financial Conduct Authority (FCA) published an amended and restated memorandum of understanding (MoU) between itself and the US Securities and Exchange Commission (SEC) in light of the UK's withdrawal from the EU.

The key understandings discussed by the FCA and SEC in the MoU include:

- exchanging information relating to market oversight; and
- assisting and cooperating with each other to supervise firms and ensure compliance with laws and regulations (e.g., conducting on-site visits).

The MoU does not change the terms and conditions of existing arrangements regarding cooperation between the FCA and SEC and is intended to work alongside them.

The MoU was initially announced in 2019 by the FCA and was enforced on December 31, 2020 at 11:00 p.m. UK-time, subsequent to the UK's departure from the EU.

[The FCA/SEC MoU.](#)

EU DEVELOPMENTS

See “European Commission Adopts Equivalence Decision With Respect to SEC Regulatory Framework for Central Counterparties” in the Broker-Dealer section.

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