

Bank of England

Exercise by the Bank of England of sub-delegated powers under the European Union (Withdrawal) Act 2018

Report for the financial year ending 28 February 2022



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Presented to Parliament pursuant to paragraph 32(2)(a) of Schedule 7 to
the European Union (Withdrawal) Act 2018

Onshoring and temporary transitional powers

1. The European Union (Withdrawal) Act 2018 (the Act)^[1] requires the Bank of England (the Bank) to report to Parliament annually if we exercise our relevant sub-delegated powers.
2. This section relates to the use of the sub-delegated powers by the Bank in our annual reporting year ending Monday 28 February 2022. HM Treasury laid our report covering the year ending Sunday 28 February 2021 before Parliament on Tuesday 21 September 2021.^[2]
3. The specific power we refer to within this document are the powers delegated to:
 - make directions to exercise the temporary transitional power (TTP) to help firms adjust to onshoring changes made to financial services legislation, in light of the UK's withdrawal from the EU.^[3]
4. On 4 January 2022 the Bank approved temporary transitional relief for Goldman Sachs (GS), in respect of their minimum requirement for own funds and eligible liabilities (MREL), from 1 April 2022 to 31 December 2022. GS had issued MREL for the UK through an EU subsidiary that, as a result of the onshoring legislation that changed references from the EU to the UK, would become ineligible. Granting the relief allows sufficient time for GS to restructure their MREL in an orderly manner.
5. As part of the process for approving this relief, the Bank consulted with HM Treasury, the Financial Conduct Authority and the Prudential Regulation Authority. None objected. The transitional relief as extended will end on 31 December 2022, beyond which the Bank does not have the power under the Financial Services and Markets Act 2000 (Amendment) (EU Exit) Regulations 2019 to extend any transitional relief further.
6. The Bank was satisfied that the making of the direction does not adversely affect the advancement of its financial stability objective (set out in section 2A(1) of the Bank of England Act 1998). And the Bank made clear that it would consider granting similar relief, in relation to Article 92b of the onshored Capital Requirements Regulation, to any firm in a similar position.
7. The formal direction can be found on the Bank's website.^[4]

1. Schedule 7, paragraph 32 of the EU (Withdrawal) Act 2018.
2. Exercise by the Bank of England and Prudential Regulation Authority of sub-delegated powers under the European Union (Withdrawal) Act 2018, Bank of England.
3. Regulation 198 of The Financial Services and Markets Act 2000 (Amendment) (EU Exit) Regulations 2019.
4. www.bankofengland.co.uk/financial-stability/resolution.

Photography

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