

2023-09-22

## Joint Statement by Riksbank and Bank of England on continuity of the effective oversight cooperation in relation to LCH Ltd

*The Riksbank and the Bank of England have today re-affirmed their existing strong commitment to effective oversight cooperation over London Clearing House Limited (LCH). This commitment helps preserve financial stability while benefitting cross-border clearing activity. Cross-border clearing supports access by banks and other financial institutions to global financial markets, by providing effective risk management, liquidity and netting efficiencies.*

As supervisor of one of the largest central counterparties (CCPs) for derivatives, the Bank of England seeks to ensure that LCH remains resilient and supports efficient market functioning. As part of this, it is important that the Bank of England recognises the systemic importance of LCH in overseas markets. As a result of the Financial Services and Markets Act 2023, the Bank of England will have specific obligations to consider the impact of its policy making on financial stability in other jurisdictions where entities such as LCH provide services and the desirability of not discriminating on the basis of the jurisdiction or location of the users of those services.

For the Swedish market, LCH is a key financial market infrastructure as it clears the majority of SEK-denominated interest rates swaps as well as other important financial instruments. As a result, continued strong and effective cooperation, including information sharing on the financial stability risks associated with cross-border clearing, between the Riksbank and the Bank of England is important. This together with a sufficiently high standard of regulation and supervision of LCH is key to preserving financial stability in Sweden.

In addition to this statement of continued cooperation, the Bank of England welcomes the new powers that the Riksbank received on 1 January 2023 to broaden its ability to act in the interest of preserving the stability and efficiency of the financial system. The Bank of England and the Riksbank will jointly consider possible policy tools to manage emergency situations.

**Sir Jon Cunliffe, Deputy Governor for Financial Stability, Bank of England, said:** “The UK has a long and strong tradition of cooperation and openness with regulatory authorities around the world. This enables financial market infrastructure based in the UK to support sound markets and financial stability. Today’s joint statement with the Riksbank is an example of this. The strong cooperation that exists between the Riksbank and the Bank of England in relation to the oversight and supervision of LCH reflects international standards on how cooperation and deference between authorities can mitigate the risk of fragmented, global markets.”

**Erik Thedéen, Governor at the Riksbank, said:** “Sweden benefits greatly from being part of global financial markets. Safe and stable financial market infrastructures, in Sweden and abroad, are a key prerequisite in this respect. To this end, cooperation and information sharing between authorities is crucial, both in normal and more turbulent times. This, together with an EU-equivalent regulation and supervision of LCH, is key to preserve financial stability in Sweden. This statement is an illustration of the value the Riksbank puts on the cooperative arrangements between Bank of England and the Riksbank.”

### Notes

The Riksbank is currently a signatory to the global college agreement for LCH, through which the Bank of England provides information to, and co-operation with, other authorities regarding the supervision of LCH.