Council of the European Union

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'I/A' ITEM NOTE

From:	General Secretariat of the Council
To:	Permanent Representatives Committee/Council
Subject:	Signing of a Memorandum of Understanding establishing a framework for financial services regulatory cooperation between the European Union and the United Kingdom of Great Britain and Northern Ireland - Authorisation to sign an NBI

1. In the Joint Declaration on Financial Services Regulatory Cooperation between the European Union (EU) and the United Kingdom (UK) of 24 December 2020, [1] the Union and the UK agreed to establish a structured regulatory cooperation on financial services. Both parties committed to agree on a Memorandum of Understanding (MoU) establishing a framework for this cooperation by March 2021. The Council had approved this Joint Statement when adopting the Council Decision on the conclusion, on behalf of the Union, of the Trade and Cooperation Agreement and of the Agreement concerning security procedures for exchanging and protecting classified information[2].

1 OJ L 149, 30.4.2021, p. 2549.

2 Council Decision (EU) 2021/689 of 29 April 2021 on the conclusion, on behalf of the Union, of the Trade and Cooperation Agreement between the European Union and the European Atomic Energy Community, of the one part, and the United Kingdom of Great Britain and Northern Ireland, of the other part, and of the Agreement between the European Union and the United Kingdom of Great Britain and Northern Ireland concerning security procedures for exchanging and protecting classified information, OJ L 149, 30.4.2021, p. 2.

2. After initial work on draft Working Arrangements, the Commission presented on 29 March 2021 to the Working Party on the UK (WP UK) a draft MoU establishing a framework for financial services regulatory cooperation between the European Union and the United Kingdom of Great Britain and Northern Ireland.

3. Since then, the negotiations on the MoU have been conducted with the UK, but stalled in summer 2021 due to the political divergences regarding the implementation and application of the Protocol on Ireland and Northern Ireland.

4. Following the agreement on the Windsor Framework at political level on 27 February and the adoption of the key component of that Framework in the Joint Committee Decision 1/2023, the initiative was taken by the Co-Chairs of the Partnership Council at their meeting on 24 March 2023 to move forward with the MoU on financial services regulatory cooperation.

5. The Commission approved the MoU establishing a framework for financial services regulatory cooperation between the EU and the UK, as well as a draft Joint Statement with its Decision of 17 May 2023 (ST 9566/2023+ADD 1+ADD 2), which was presented to the WPUK on 23 May 2023 and was discussed again at the WPUK meeting on 6 June 2023.

6. An agreement on moving forward with the approval of the signature of the MoU as well as the wording of the Joint Commission and Council Statement was found after some modifications and a period of reflection on 14 June 2023 and is set out in document ST 10635/23 + ADD 1.

7. In light of the above, the Permanent Representatives Committee is invited to

– confirm its agreement that the Commission signs the Memorandum of Understanding on behalf of the EU establishing a framework for financial services regulatory cooperation between the European Union and the United Kingdom of Great Britain and Northern Ireland as set out in document ST 10635/23+ADD 1;

– invite the Council to authorise the signing of the Memorandum of Understanding by the Commission on behalf of the EU establishing a framework for financial services regulatory cooperation between the European Union and the United Kingdom of Great Britain and Northern Ireland, and to approve the Joint Council and Commission statement, to be recorded in its minutes, set out in document ST 10635/23 ADD 1 as an "A" item at a forthcoming meeting.