

# Financial Services Regulatory: UK/Rest of the World Equivalence Decisions

Since the end of the Brexit transition period, the UK’s equivalence framework has given HM Treasury the ability to make determinations with regards to the equivalence of other countries’ regulatory or supervisory regimes for specified purposes that are set out in retained EU financial services legislation. The UK also retained certain equivalence decisions taken by the European Commission before the end of transition using powers under the European Union (Withdrawal) Act 2018. The table below sets out the decisions that are currently in force\*.

UK Equivalence Decisions	Abu Dhabi	Argentina	Australia	Bermuda	Brazil	Canada	China	DIFC	Faroe Islands	Greenland	Guernsey	Hong Kong	India	Indonesia	Isle of Man	Japan	Jersey	Malaysia	Mauritius	Mexico	Monaco	New Zealand	Saudi Arabia	Serbia	Singapore	South Africa	South Korea	Switzerland	Taiwan	Thailand	Turkey	USA	
<b>Accounting Directive (2013/34/EU)</b>																																	
Art. 47 – Country-by-Country Reporting						✓																											
<b>Capital Requirements Regulation ((EU) No. 575/2013)</b>																																	
Art. 107(4) – Credit Institutions		✓	✓		✓	✓	✓		✓	✓	✓	✓	✓		✓	✓	✓				✓	✓	✓	✓	✓	✓	✓	✓				✓	✓
Art. 107(4) – Exchanges			✓		✓	✓	✓						✓	✓		✓					✓		✓		✓	✓	✓						✓
Art. 107(4) – Investment Firms			✓		✓	✓	✓					✓		✓		✓ <sup>1</sup>					✓		✓		✓	✓	✓						✓
Art. 114(7) – Exposures to government, central banks and public entities – Credit Institutions		✓	✓		✓	✓	✓		✓	✓	✓	✓	✓		✓	✓	✓				✓	✓	✓	✓	✓	✓	✓	✓				✓	✓
Art. 115(4) – Exposures to government, central banks and public entities – Credit Institutions		✓	✓		✓	✓	✓		✓	✓	✓	✓	✓		✓	✓	✓				✓	✓	✓	✓	✓	✓	✓	✓				✓	✓
Art. 116(5) – Exposures -to government, central banks and public entities - Credit Institutions		✓	✓		✓	✓	✓		✓	✓	✓	✓	✓		✓	✓	✓				✓	✓	✓	✓	✓	✓	✓	✓				✓	✓
Art. 142(2) – Internal models (Credit Institutions)		✓	✓		✓	✓	✓		✓	✓	✓	✓	✓		✓	✓	✓				✓	✓	✓	✓	✓	✓	✓	✓				✓	✓
Art. 142(2) – Internal models (Investment Firms)			✓		✓	✓	✓					✓		✓		✓ <sup>2</sup>					✓		✓		✓	✓	✓						✓
<b>Credit Rating Agencies Regulation ((EC) No. 1060/2009)</b>																																	
Art. 5(6) – Credit Rating Agencies												✓				✓					✓												✓
<b>EMIR ((EU) No. 648/2012)</b>																																	
Art.1(6) – Central Banks / Public Bodies Exemptions			✓			✓						✓				✓					✓				✓			✓					✓
Art. 13(2) – Legal, supervisory and enforcement arrangements																✓																	✓
Art. 2a – Regulated markets			✓			✓										✓									✓								✓
<b>EU Benchmarks Regulation ((EU) 2016/1011)</b>																																	
Art. 30 – Equivalence of the legal and supervisory framework applicable to benchmarks			✓																						✓								

\* As at 3 February 2021. The table is also available at this link: [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/952320/Table\\_of\\_UK\\_Equivalence\\_Decisions\\_Jan\\_2021.xlsx](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/952320/Table_of_UK_Equivalence_Decisions_Jan_2021.xlsx)

1 Limited to Type I Financial Instruments Business Operators

2 Limited to Type I Financial Instruments Business Operators

June 2021

UK Equivalence Decisions	Abu Dhabi	Argentina	Australia	Bermuda	Brazil	Canada	China	DIFC	Faroe Islands	Greenland	Guernsey	Hong Kong	India	Indonesia	Isle of Man	Japan	Jersey	Malaysia	Mauritius	Mexico	Monaco	New Zealand	Saudi Arabia	Serbia	Singapore	South Africa	South Korea	Switzerland	Taiwan	Thailand	Turkey	USA	
<b>Market Abuse Regulation ((EU) No. 596/2014)</b>																																	
Art. 6(5) - Central Banks / Public Bodies Exemptions			✓		✓	✓	✓					✓	✓			✓				✓					✓		✓	✓			✓	✓	
<b>MiFIR ((EU) No. 600/2014)</b>																																	
Art. 1(9) - Central Bank exemptions <sup>3</sup>			✓		✓	✓	✓					✓	✓			✓				✓					✓		✓	✓			✓	✓	
Art. 28(4) - Derivatives Trading Obligation																									✓							✓	
<b>MiFID II (2014/65/EU)</b>																																	
Art. 25(4)(a) - Share Trading Obligation			✓									✓																				✓	
<b>Prospectus Regulation Delegated Act (2019/980) (and Regulation 1569/2007)</b>																																	
Art. 23a - Third country GAAP with IFRS accounting standards for the purpose of preparing financial information for requirements under the Prospectus Regulation <sup>4</sup>						✓	✓								✓												✓					✓	
<b>Solvency II Directive (2009/138/EC)</b>																																	
Art. 172 - Reinsurance				✓ <sup>5</sup>																												✓	
Art. 227 - Group Capital			✓ <sup>6</sup>	✓ <sup>7</sup>	✓ <sup>8</sup>	✓ <sup>9</sup>									✓ <sup>10</sup>					✓ <sup>11</sup>											✓	✓ <sup>12</sup>	
Art. 260 - Group Supervision				✓ <sup>13</sup>																											✓		
<b>Statutory Audit Directive (2006/43/EC)</b>																																	
Art. 46(2) - Equivalence of Audit Framework	✓		✓		✓	✓	✓	✓			✓			✓	✓	✓	✓	✓	✓			✓			✓	✓	✓	✓	✓	✓	✓	✓	✓ <sup>14</sup>
Art. 47(3) - Adequacy of Competent Authorities			✓		✓	✓	✓ <sup>15</sup>	✓			✓			✓	✓	✓	✓	✓								✓ <sup>16</sup>	✓	✓	✓	✓	✓		✓ <sup>17</sup>
<b>Transparency Directive (2004/109/EC)</b>																																	
Art. 23(4) - Third Country GAAP /Transitory regime													✓ <sup>18</sup>																				
Art. 23(4) - Third Country GAAP and IFRS <sup>19</sup>						✓	✓								✓												✓					✓	

3 This equivalence decision also applies to the Bank for International Settlements.

4 Article 23a is to be inserted into Prospectus Regulation Delegated Act (2019/980) by Regulation 71 of the Prospectus (Amendment etc.) (EU Exit) Regulations 2019 (S.I. 2019/1234) and will replicate the effect of equivalence decisions previously made under the Prospectus Directive 2003/71/EC (now repealed).

5 Excludes captive and specialist insurers

6 Group capital equivalence is provisional and runs for 10 years from 1 Jan 2016

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10 Group capital equivalence is provisional and runs for 10 years from 1 Jan 2016

11 Group capital equivalence is provisional and runs for 10 years from 1 Jan 2016

12 Group capital equivalence is provisional and runs for 10 years from 1 Jan 2016

13 Excludes captive and specialist insurers

14 Benefits from an audit equivalence decision which ceases to apply from 31 Jul 2022

15 Benefits from an adequacy recognition that ceases to apply from 14 Nov 2024

16 Benefits from an adequacy recognition that ceases to apply from 31 Apr 2026

17 Benefits from an adequacy recognition which ceases to apply from 31 Jul 2022

18 Transitional regime is only valid for reports on financial years starting before 1 Apr 2016

19 This equivalence decision also applies to International Financial Reporting Standards as issued by the International Accounting Standards Board