
EXPLANATORY NOTE

(This note is not part of the Regulations)

These Regulations make amendments to retained EU law related to credit rating agencies to ensure that it continues to operate effectively in the United Kingdom once the United Kingdom has left the EU. In particular, they make provision for a function of an EU entity under retained EU law to be exercised instead by the Financial Conduct Authority (“the FCA”). As such, section 8(2)(b) of the European Union (Withdrawal) Act 2018 (c. 16) is relevant to these Regulations.

Additional powers and functions are required so that the FCA is able to fulfil this role effectively. These include certain procedural processes, such as appeal rights and notice procedures, and disciplinary and criminal sanctions and investigations.

These Regulations also include transitional provision for the registration of credit rating agencies in the United Kingdom. This maintains continuity and ensures that United Kingdom firms can continue to use credit ratings issued by credit rating agencies without disruption on and after exit day.

In these Regulations:

- Part 1 makes general provision;
- Part 2 makes provision for the FCA to make rules and issue guidance in respect of credit rating agencies;
- Part 3 makes provision dealing with enforcement of obligations placed on credit rating agencies;
- Part 4 makes provision for the referral of matters to the Upper Tribunal;
- Part 5 deals with information gathering and investigations;
- Part 6 makes provision in connection with the issuing of notices by the FCA;
- Part 7 creates offences in connection with the obligations imposed on a credit rating agency, in particular with respect to the provision of information;
- Part 8 makes transitional provision for:
 - advance applications and temporary registration;
 - registration and certification conversion;
- Part 9 amends subordinate legislation dealing with credit rating agencies;
- Part 10 amends and revokes retained EU law dealing with credit rating agencies.

An impact assessment of the effect that this instrument, and certain other instruments made by HM Treasury under the European Union (Withdrawal) Act 2018, will have on the costs of business, the voluntary sector and the public sector is available from HM Treasury, 1 Horse Guards Road, London SW1A 2HQ and is published alongside this instrument at www.legislation.gov.uk.