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Article (Accepted version)
(Refereed)

Original citation:
Schelkle, Waltraud (2016) *Financial centre and monetary outsider: how precarious is the UK's position in the EU?* The Political Quarterly, 87 (2). pp. 157-165. ISSN 0032-3179

DOI: 10.1111/1467-923X.12243

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This version available at: http://eprints.lse.ac.uk/65708/

Available in LSE Research Online: July 2016

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Contribution to Political Quarterly special section (June 2016):

“Up for grabs? Key issues in the negotiations about Britain’s membership in the EU”

Financial centre and monetary outsider: how precarious is the UK’s position in the EU?

Waltraud Schelkle

Abstract: The UK’s negotiating position in the area of ‘economic governance’ started from the assumption that there is a deep dividing line between insiders and outsiders of the ‘Eurozone’. To protect the outsiders, the UK government did not ask for a veto but a safeguard mechanism that can postpone a decision in the euro area. This is exactly what David Cameron achieved in the negotiations with Council President Tusk. The article explains why the UK demands were so modest. Key is the peculiar situation of the UK being the major financial centre for a currency union to which it does not belong. Hence, the UK taxpayer needs protection from the City and EU membership has helped to provide this. There is not much else a UK government could ask for.

The UK economy is in the peculiar situation that it is the major financial centre for a currency union to which it does not belong. In the years before the euro area crisis, previous concerns that this would take away business from London proved not only unfounded but contradicted. It continued its rise to a global financial service provider and the largest financial centre in the EU, accounting for about a quarter of all financial service income. But the financial crisis since 2007-08 led to a surge of financial reregulation. The UK government, first under then Prime Minister Gordon Brown and continuously in the guise of the Bank of England, put itself into the driving seat of this international agenda. The EU’s efforts were aligned with what institutions like the G20 wanted but it was at times at loggerheads with the UK. The regulation of hedge funds and bankers’ pay were the two most prominent examples. Some private hedge funds never forgave the EU for having regulated them and are now main sponsors of the campaign to leave the union.

With the onset of the crisis in the euro area, beleaguered governments and the Commission engaged in hectic institutions building, from emergency funds to a banking union and many intergovernmental agreements on the side. All this had to be done without Treaty change because some member states, in particular France, have no appetite for referendums that would be a platform for anti-establishment votes, irrespective of the substance of the EU reforms. UK governments had an ambivalent attitude towards these reform efforts: they supported them -- by permitting swift enactment -- if they promised to end the crisis, for instance banking union; but they also saw them at times as leading to an ever closer union of which the UK did not want to be part. While this may have been the mixed feelings elsewhere in the EU, we will see that the UK was singularly resistant to enter into any institutional formation, even when it just concerned a largely symbolic Euro+ Pact between governments committing the signatories to structural reforms.

On top of David Cameron’s list of negotiation issues of reformed British membership in the EU was therefore the request to protect Eurozone outsiders from being discriminated against on grounds of a different currency. This is what the section with the heading ‘economic governance’ requests in the ‘Dear Donald – Yours David’ letter, sent by the UK Prime Minister to the EU Council President

Tusk on 10 November, 2015.[i] Having signalled that he has familiarised himself with EU-speak of governance, David Cameron proceeded to make a startling remark: 'There are today effectively two sorts of members of the European Union. There are Euro members and non-Euro members.' This is certainly not the official version of how the EU sees itself. But many EU-watchers agreed with him and pointed out that in particular the Single Market in banking has been split by the banking union. At the time of writing in February 2016, only euro member countries belong to it in full although non-members are free to join and some have joined parts of it.

The same letter said that 'our concerns really boil down to one word: flexibility.' This sounds innocuous but actually goes to the heart of the matter of the relationship between the UK at large, the financial centre within it and the EU with both. While most observers believe that this is about the UK government fights the corner of the City, most of David Cameron's demands and the problems that the UK had over recent years with EU financial regulation make more sense if we see it as the UK seeking the support of the EU for protecting itself from the City. This support consists mainly in providing a cover story for regulation that is tougher than the government could politically sustain without shifting some of the blame on Brussels.

The article first outlines what has generated the impression that 'there are nine of us outside'. Against whom or what do they, allegedly, need safeguards? This article argues that there are no hard and fast dividing lines between insiders and outsiders. The UK's outsider status is largely its own choice. Its status as a world financial centre raises specific concerns, however, that deserve consideration, for the sake of UK taxpayers. Then I substantiate the claim that the UK government seeks flexibility to regulate the City more firmly with the help of the EU. Where it can make the case, the rest of the EU has obliged because it is not particularly trusting in UK financial services anyhow. Finally, how did Cameron's demands translate into EU concessions to the UK and the other outsiders, consisting of two Scandinavian (Denmark and Sweden) and six Central and Eastern European countries (Bulgaria, Croatia, Czech Republic, Hungary, Poland, and Romania)? The truth is that very limited concessions have been made in this area. But this is because the concessions work both ways and while euro area outsiders were negatively affected by the euro area crisis, they also tended to get support for their own vulnerabilities during the financial crisis. The demands on economic governance, asking for non-discrimination on the basis of the currency used by businesses, were a side show for the UK's demands to be allowed and discriminate EU workers on grounds of nationality.

The ins and outs of EU membership

Conservative UK governments were in power when the introduction of a monetary currency was negotiated. The Commission's rationale for a common currency was that 'one market [needs] one money'. No UK government has ever bought into this rationale and insisted that the Single Market can and should be completed without a common currency. The Thatcher and Major administration also feared that monetary integration would require ever more joint institutions. This would make 'ever closer union' over time a reality they resented. It is in this tradition that David Cameron asked under the heading of 'sovereignty' to be exempted from the commitment to 'ever closer union'.

Managing the crisis of the euro area since 2010 has certainly led to frantic institution-building, although a great European love-in was not part of it. Where have these new institutions meant for the outsiders of the monetary union? Were they pushed out or, on the contrary, forced to join against their will? Summarizing a lot of directives, regulations and communications, we can discern

three sets of innovations: extended surveillance, emergency funding, and banking union. Each implied some differentiation but they hardly divide the EU into euro insiders and outsiders.

First of all, surveillance of various imbalances has been vastly extended, beyond fiscal policy to current account imbalances, housing and household debt as well as employment. All EU countries take part in an annual cycle of surveillance, called the 'European Semester', which established a strict schedule for submission of information by member states, evaluation and recommendation by the Commission with further follow-up in member states. But euro outsiders cannot be subjected to the fines that have now been legislated if the evaluation finds that some imbalances exceed the threshold and the government fails to act as recommended. Nor do euro outsiders have to send their draft budgets to the Commission for comment before they are passed by the national parliament.

Neither of these differences between members and non-members of the euro area has so far proven all that relevant. Fines have not been levied on any member state, presumably because it is not a good idea to push a government into more of the fiscal difficulties for which it could be sanctioned in the first place. And national parliaments have not paid much attention to the commentary from the Commission, most likely because all the good advice comes without any fiscal incentives to follow it.

Should euro-outsiders therefore be let off the hook and take a permanent holiday from the European Semester? There is a valid reason for including all EU countries in this arduous process. The financial crisis has shown that early warning systems were missing in and outside the European monetary union. Housing bubbles burst all over the place. The UK experienced the most severe bank run, on Northern Rock, and performed the biggest bank bailout in history, of RBS. This always creates the potential for market panic in other countries. Hungary, Latvia and Romania needed EU-IMF bailout programmes at least a year before Greece applied for one. So it is not unreasonable to ask all EU member states to provide data that can indicate vulnerabilities and probable crises. Not only a shared currency but market integration makes member states interdependent and what happens in one can affect many.

The second innovation has been emergency funding which, after several trials, amounts now to €500 billion in the European Stability Mechanism (ESM). This new fiscal capacity was a sea-change for euro area member states because, until 2010, financial assistance was thought to be excluded by the no-bailout clause of Article 125 of the Treaty. Those outside the euro area, by contrast, could receive balance-of-payments assistance since it was acknowledged that they could still be subject to currency crises. This assistance for euro outsiders is exactly the support that the EU chipped in when Hungary, Latvia and Romania received IMF-led programmes in 2008-09. The non-euro area members can also get access to the newly created ESM, provided they signed the Fiscal Compact. This is a contract outside the EU Treaty, inspired by Germany's federal debt-brake, by which governments committed to fiscal prudence beyond their obligations under the EU Treaty. So far, all EU member states signed this intergovernmental contract except for the newest member Croatia, the Czech Republic (where the government's signing is blocked by the second chamber), and the UK.

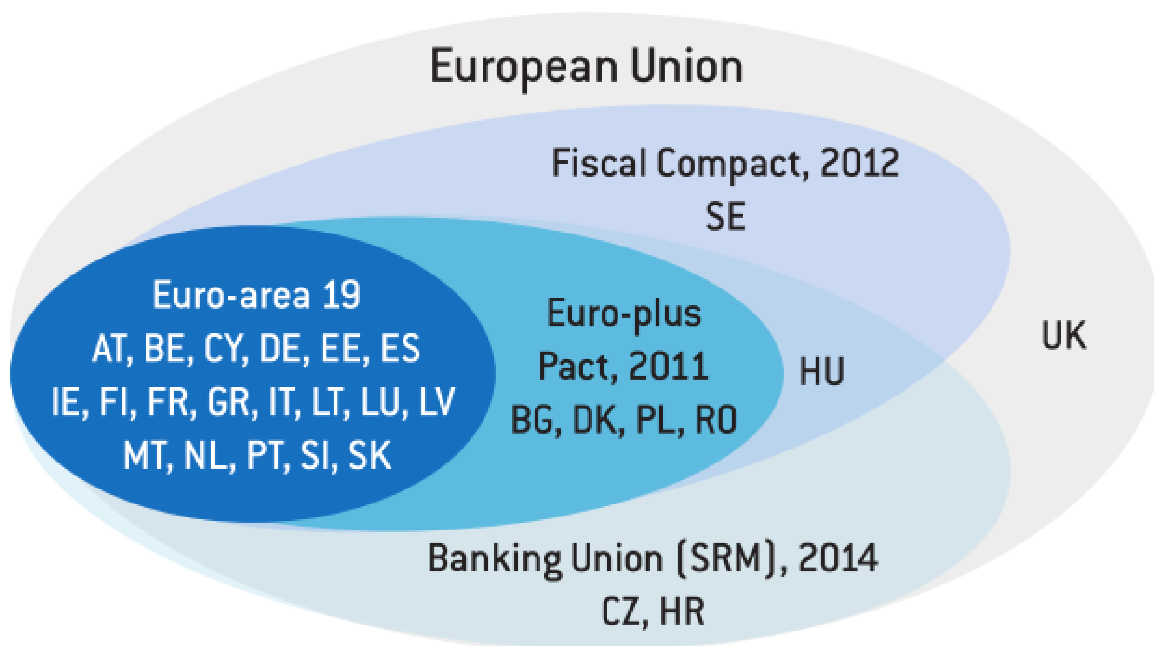
The last and most important innovation has been Banking Union. A Single Rulebook was already agreed in 2009, which is the basis for regulating and supervising banks in all EU member states. This is in line with the Single Market Programme. In June 2012, when there was a real threat that the euro area would break up, the Banking Union was finally agreed, overcoming the resistance from

Germany and other usual suspects that deny the need for more risk sharing. It has given the central supervisory authority to the European Central Bank (ECB). The Banking Union has also introduced a resolution mechanism that should be, ultimately, financed by the financial industry and follow a unified procedure for the eventuality that banks have to be closed down or restructured. So far, only euro members have joined the Single Supervisory Mechanism under the ECB's authority; Bulgaria and Romania expressed interest but were not exactly welcomed by the central bank.

The Chancellor, George Osborne, was a great facilitator of this Banking Union. In fact, he urged euro area decisionmakers in 2011 to follow the 'remorseless logic' of a currency union that calls for 'a proper fiscal, financial and political union to back it up' – a view he reiterated in 2014 after single supervision had come into force.[ii] The UK government prioritised what it saw as a crucial step in solving the euro area crisis and sought no safeguards and very little concessions in return. It accepted that this would split the Single Market for financial services. The German government would have much preferred British intransigence and allowed it, in turn, to avert this empowerment of the ECB.

The general point is that the UK, like every other non-member of the euro area, made political choices when the new institutions were created. It supported banking union because it prioritized the stability of the euro area of which it is the financial centre without belonging to it. In fact, the choice of the UK was unfailingly to stay out of every new institutional initiative, unlike any other EU member state. A telling graph in a recent publication by André Sapir and Guntram Wolff from Bruegel illustrates exactly that.[iii]

Graph 1: Participation of EU member countries in newly created arrangements



Source: Bruegel

Even Croatia and the Czech Republic joined the Single Resolution Mechanism, Sweden did not but signed the Fiscal Compact. The other four outsiders are party to at least two of the intergovernmental agreements that came into force since 2010. None was pushed out or not allowed to join, especially not the UK.

Tax(payer) and the City

So what has happened that made David Cameron seek safeguards for the 'nine of us outside'? At a hearing of the LSE Commission on the Future of Britain in Europe, participants gave several examples for what created tensions between the UK, on the one hand, and the rest of the EU, on the other.[iv] Some of these have been long-standing differences.

There is the issue of 'flexibility' mentioned above. It figures prominently in the 'Dear Donald' letter but also in speeches of the governor of the Bank of England (BoE), Mark Carney. Flexibility is the code word under which the UK government and the BoE ask the EU to be able and impose higher standards on the financial industry than required by European (and international) legislation. The EU resists this because recent legislation has gone for maximum harmonisation and the Commission and other member states therefore suspect the UK to engage in upward competition of 'holier than thou'. In the current climate of uncertainty, higher regulatory standards can be a competitive advantage and inflict additional costs on others. The UK position is that the City needs extra protection. Sharon Bowles, until 2014 MEP for the Liberal Democrats and a forceful chairwoman of the European Parliament's committee on economic and monetary affairs at the height of financial reregulation, expressed it thus: David Cameron wants 'protections for the City, which isn't actually protection of the City from Europe. It is protection of the tax-payers from the City. Do European regulations, being too inflexible, prevent that?'

In line with this request from the UK, member states were granted up to 3% higher capital requirements than the EU Directive (known as Capital Requirements Directive or CRD IV) stipulates. The Bank of England has been vocal about the fact that banks under its supervision are safer as regards their loss-absorbing capital. Similar flexibility has been requested and granted in prudential legislation for insurers. Under the so-called Solvency II Directive, UK authorities apply stricter conditions on insurers' provision for market volatility and the uncertainty about longevity than the rest of the EU. Mark Nicholson from Standard & Poor's therefore did not expect much change from this long-awaited and fiercely contested piece of legislation for UK insurers, in contrast to other member states.

Another long-standing bone of contention is the so-called third country regime. Financial institutions from outside the EU have to prove that their regulations are equivalent to EU standards before they can enter the markets via branches. If the third country's regulations are not seen as equivalent, these banks have to establish subsidiaries that are supervised by the host state. This means considerable set-up costs for the business and is one of the reasons why countries in the European Economic Area, like Norway or Switzerland, adhere so religiously to EU regulation, in this area as in others. The equivalence tests for third country regulations can be more or less lenient. The UK has for years advocated an accommodating stance because it is vital for its status as a financial centre that non-EU banks use it as a gateway into the Single Market. This will also become a live issue if the UK would leave the EU: not only would UK banks have to seek third country status but the EU may also apply stricter equivalence tests for financial institutions from outside, reducing the attractiveness of London in the process.

The greatest test for the mutual understanding of 'flexibility' has arisen with respect to the clearing of euro-denominated transactions. In the aftermath of the Lehman Bros. collapse in September 2008, the G20 leaders requested that standardised financial instruments, such as derivatives, should be cleared by so-called Central Counterparties.[v] The risks from such clearing houses are so far

completely unknown and are potentially large because of their interconnectedness and the size of their exposures, as in particular Nicolas Véron (Bruegel and Peterson Institute for International Economics) stressed. In July 2011, the ECB announced a Eurosystem Oversight Policy as part of its mandate to promote the smooth operation of the payments system: 'infrastructures that settle euro-denominated payment transactions should settle these transactions in "central bank money" and be legally incorporated in the euro area with full managerial and operational control and responsibility, over all core functions, exercised from within that area'.[vi] The ECB suggested that because of the potential systemic risk involved, this should apply to Central Counterparties that have a daily net credit exposure of more than €5 billion in one of the main euro-denominated product categories. The Central Counterparty located in London would have lost a trillion euro business.

The UK government, supported by Sweden, took the ECB to the Court of Justice of the European Union. It considered this Oversight Policy as discriminatory and violating the principle of freedom of establishment in the Single Market. The lesser charge was that the ECB did not have the competence to regulate securities settlement systems. It was for this latter reason that the European Court decided in favour of the UK and annulled the Oversight Policy in so far it required Central Counterparties to be located in the euro area. Soon after this judgement in favour of the UK, the Bank of England and the ECB formalised their information exchange and agreed on swap arrangements, should a Central Counterparty experience liquidity shortages.[vii] What this means is that the ECB stands ready to act as a lender of last resort to a Central Counterparty outside its territory and jurisdiction. Such central bank cooperation is not unheard of but it is unusual to formalise this as a commitment of the bank providing the liquidity. It is hard to imagine that the U.S. Federal Reserve would enter any such agreement, for instance with its Nafta partners Mexico and Canada.

There are therefore instances in which the UK government may feel, rightly, that it needs more flexibility – in regulatory standards, equivalence tests of third countries, and cooperation from the ECB. Yet, as the examples also show, the UK administration is quite successful in getting what it wants. This is not new. As George Osborne acknowledged in his speech, the voting system of European Banking Authority (EBA) was adapted to address concerns over the Banking Union that the UK had. EBA, incidentally located in London, develops guidelines and standards for the banking industry in the Single Market. Any decision requires a majority from both the euro members and from the other EU member states. This double majority requirement is among the few concessions that the UK government requested in return for the swift implementation of the Banking Union.

The tensions between the UK and the rest of the EU arise as much from the closer integration of the euro area as they arise from UK's peculiar status as a financial centre. It provides services and market instruments that are not available in Continental Europe. Its regulatory needs therefore vary and may be unique. But this centre got a great boost from the introduction of the Single Market.[viii] London became the gateway for third countries into the world's second largest financial market. Its financial sector is a source of well-paying service sector jobs and consequently of tax revenue.

But this status comes with high risks as the financial crisis in 2008-09 showed for the umpteenth time in history. It is therefore right that the government wants to have the flexibility to protect the UK taxpayer from the City. This is how David Cameron put it in his letter: 'Just as financial stability and supervision has become a key area of competence for Eurozone institutions like the ECB, so financial stability and supervision is a key area of competence for national institutions like the Bank

of England for non-Euro members.' Where this is the motive – and not the protection of the City from European regulation or competitive upward regulation – the EU should grant this flexibility. And on the whole, this is exactly what the EU does. But of course UK governments have to make the case, in the interest of everybody else and like everybody else who seeks exceptions.

Why the new settlement resembles the old

To what extent does the outcome of the negotiations, as outlined in the European Council conclusions[ix], give the UK what the Prime Minister requested? What he requested was explicitly not veto power but a safeguard mechanism for the interests of non-euro member states: 'Britain is not seeking a new opt-out for the UK in this area -we have the opt-out from the single currency we need. Nor are we looking for a veto over what is done in the Eurozone. What we seek are legally binding principles that safeguard the operation of the Union for all 28 Member States -and a safeguard mechanism to ensure these principles are respected and enforced.' This is pretty much what he got. 'Reasoned opposition' by any country not participating in the banking union would require all member states to discuss the matter further and postpone a decision. But this reasoned opposition from euro outsiders cannot veto the decision.

Eurosceptic critics –many on the UK government's back benches, virtually the entire British press with the exception of the *Financial Times* – argue that David Cameron got what he wanted because he asked for so little. They may point to a noticeable absence of the theme of bankers' bonuses which had created so much contention in the negotiations over financial re-regulation (again CRD IV). The EU rule says that at least 50% of remuneration has to be fixed pay so as to reduce the incentives for risky investments that raise the value of options and shares the holders want to cash in. The UK always held that this will raise the cost of banking and thus incentivise exactly that kind of risky business the rule was meant to prevent. There is legitimate debate over the best way to stop the financial industry gambling with other people's savings. But in order to counter the introduction of the bonus cap, the UK government would have had to stop the entire legislative package of which the bonus rules were only a small element. As Simon Gleeson (Clifford Chance) put it at the LSE hearing: 'You are very much in favour of 98% of what's in the CRD but the idea that you are going to get a line-by-line veto that allows you to apply an emergency brake to individual articles or sub-articles of the Directive does seem highly implausible.' It would not even be in any UK government's interest to give every member state a lin-by-line veto because this could also block the 98% that the government wants.

The critics of the agreement that is supposed to lead to 'a new settlement for the United Kingdom within the European Union' may also miss an explicit acknowledgement of a principle that David Cameron had laid down: 'Taxpayers in non-Euro countries should never be financially liable for operations to support the Eurozone as a currency.' Again, this was granted. The background to this is, as Raoul Ruparel from Open Europe reminded participants at the hearing, that in the first negotiations over a bailout for Greece, non-euro members like the UK were asked to guarantee a share of the bilateral credit package. It could be averted only because some euro members argued the UK case against such involuntary participation of euro outsiders. This has instilled the fear that the euro area members may be caucusing and present the rest of the EU with costly decisions if there were not by chance a sympathetic voice inside the caucus.

But the involuntary risk sharing works both ways. Greece got its first bailout in May 2010, Ireland followed in November. At the end of 2009, banks headquartered in the UK were the largest creditors

of Ireland (€160 billion) and held large claims on Spain (€98 billion). These figures from the Bank for International Settlement relate to claims consolidated on an ultimate risk basis; in other words, if those countries defaulted, losses would have to be borne by UK banks. Against this background, it is perhaps not surprising that the UK Treasury supported the Irish bailout package with a guarantee of €3.8 billion. The Treasury was fully aware that this was the cheapest insurance it could get for UK banks, amounting to a premium of 2% (160/3.8).

The Treasury did not take part in the financial sector programme for Spain in July 2012 which had an envelope of €100 billion. By that time, UK banks had reduced their credit exposure to distressed euro members with the help of the euro area's cross-border payments system TARGET.[x] They instructed their subsidiaries to reduce their investments in Greece, Ireland, Italy, Portugal and Spain while they maintained their funding (deposit) base in those countries. With these funds, UK banks bought Treasury bonds in the core instead, again using their subsidiaries inside the euro area. For example, the Spanish subsidiary of a UK bank bought Bunds, funded primarily by Spanish deposits and possibly credit from the Eurosystem, while the German subsidiary held the payment it received from the Spanish partner institution as excess reserves in the Bundesbank. The two euro area central banks involved in making the cross-border payment, the Banca de Espana and the Bundesbank, substituted for frozen interbank markets. The capital flow reversal via TARGET was not based on perceived credit risk which can be inferred from the fact that UK banks maintained their stakes in their periphery subsidiaries. In the event of breakup, the assets in the core were likely to revalue while the liabilities in the periphery were expected to devalue. The operations of UK banks therefore amounted to hedging against the break-up of the euro. This was a real possibility in mid-2012 when Mario Draghi felt he had to assure an Investment Bankers' Forum in London that the ECB would 'do what it takes' to save the euro. This way, UK banks could have their cake and eat it, too, with the insurance of the euro area taxpayer who would have had to foot the bill if the currency union had broken up.

The critics of the new settlement bemoan that it resembles very much the old settlement. This is true as far as the economic governance part is concerned, while it is absurd to claim nothing has changed for the free movement of persons (see Thielemann and Schade in this issue). But these critics never consider that there may be a reason why a UK Prime Minister asks basically for the status quo as it existed before the crisis: because it enlarged the government's policy options, rather than limiting it as they think. Having a veto over financial regulation would actually weaken the UK government's position vis-à-vis the City. The lobbyists for financial interests could then always ask for blocking anything that goes against the City. The government can still stand up for these interests if it wants to. But it can hide behind the compromises that agreements between 28 member states entail if this benefits the UK taxpayer.

Concluding remarks on Brexit

This article has highlighted three aspects of the UK's stance on the negotiations in the area of financial regulation and protection for euro area outsiders. First of all, there is no deep divide between the ins and outs of the euro area and David Cameron's reference to 'the nine of us outside' must be seen as a rounding up of imaginary troops. Secondly, the UK demands in this area have been minimal and can be easily granted but not because the British Prime Minister caved in but because his civil service did such a good job in getting what the UK wants in the past. And last but not least, the code word for this demand is 'flexibility', that is the option to raise standards and

toughen regulation for the UK financial sector beyond the maximum (sic) harmonisation that the EU has now legislated for the financial sector. It is the opposite of what French governments fear, namely that the UK wants to undercut standards.

It can be discussed whether this upward regulation is sought, first, to make British banks and insurers look safer for investors; second, because higher capital requirements (and little else) are a habitual response of UK regulators to any financial risk; or third because there is a genuine intent to protect the Treasury and thus the UK taxpayer from the City. I have argued for the latter, in line with what Sharon Bowles suggested at a hearing at LSE, because it is consistent with the UK's 'gold-plating' of EU financial regulation even before 2008. Moreover, the quest for 'flexibility' has also been consistently expressed by the Bank of England which would have an easier life with a smaller financial industry.

The concern for the UK taxpayer is also what makes a Brexit scenario so relevant. Participants at the LSE hearing expressed very different views on what is going to happen to the City of London. But they agreed that some banking business is likely to relocate. Even small gradual relocation weakens any UK government's position. An industry that generates 8-9% of UK's annual income and generates a lot of well-paid service sector jobs has political leverage. The mere threat of losing some of it would make any government inclined to give in to demands for light-touch regulation. Practically all financial regulators in OECD countries had fallen prey to this fallacy before the crisis. But mere insight that this was a fallacy is not enough, it also requires the political means to withstand the pressure. Tying one's hands through EU membership is a way for UK financial regulators to actually strengthen their hands.

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[i] The 'Donald Tusk letter' can be downloaded at URL: https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/475679/Donald_Tusk_letter.pdf (accessed 1 February, 2016).

[ii] In a speech to an Open Europe conference, extracts of which can be read at URL: https://www.gov.uk/government/speeches/extracts-from-the-chancellors-speech-on-europe (accessed 2 February 2016).

[iii] The graph is at URL: http://bruegel.org/2016/01/one-market-two-monies-the-european-union-and-the-united-kingdom/ (accessed 3 February 2016).

[iv] The report on 'EU financial regulation and protection for the Eurozone "outs"' can be found at URL: http://www.lse.ac.uk/europeanInstitute/LSE-Commission/LSE-Commission-on-the-Future-of-Britain-in-Europe.aspx (accessed 3 February 2016).

[v] For a recent exposition of the regulatory challenges that these Central Counterparties raise can be found in Domanski, D., Gambacorta, L. and Picillo, C. (2015) 'Central clearing: trends and current issues', *BIS Quarterly Review*, December, pp. 59-76. See also Dizard, J. (2016) 'Clearing house push created unforeseen systemic risk', *Financial Times* fund management special, 1 February, p.8.

[vi] This ECB statement is quoted in Case T-496/11 United Kingdom versus ECB, para 12.

[vii] Bank of England (2015) *News Release - European Central Bank and Bank of England announce measures to enhance financial stability in relation to centrally cleared markets in the EU* [Online]. Available at: http://www.bankofengland.co.uk/publications/Pages/news/2015/044.aspx (Accessed 11 December 2015).

[viii] Bank of England (2015) *EU membership and the Bank of England*. London: Bank of England, chart 1.4, p.21.

[ix] European Council Conclusions, 18-19 February 2016, available at URL: http://www.consilium.europa.eu/en/press/press-releases/2016/02/19-euco-conclusions/ (accessed 22 February, 2016).

[x] Cecchetti, S. G., McCauley, R. N., & McGuire, P. M. (2012). Interpreting TARGET2 balances. *BIS Working Papers, No 393*, Basel: Bank for International Settlement, pp.9-12.