



Friday, 24 June 2016

# Brexit: What is the short term legal impact on UK financial services?

The UK electorate has voted in support of the UK leaving the European Union. We now expect the UK Government to initiate the process for the UK's departure. This is likely to be complex and there will be a protracted period of negotiations before the long-term position is settled. What are the immediate impacts on the law and regulation applicable to UK financial services firms in the meantime? In short: very little.

	Issue	Immediate impact
1.	<b>Passporting</b>	<b>None.</b> There is no immediate change to the ability of UK-based firms to rely on existing passporting rights to provide cross-border services into other European Economic Area Member States, operate through a branch in other EEA Member States or market funds into EEA Member States.
2.	<b>Applicability of existing EU legislation</b>	<b>None.</b> There is no immediate change to the direct applicability of EU law in the UK. Nor is there any immediate change to the UK legislation and Prudential Regulation Authority and Financial Conduct Authority rules implementing EU law in the UK.
3.	<b>Forthcoming EU legislation such as MiFID II / MiFIR</b>	<p><b>Very little for now.</b> For so long as it is a member of the EU, the UK will be obliged to implement and comply with EU law. This means that the UK will be required to implement forthcoming EU measures until its withdrawal is complete.</p> <p>Many commentators are estimating that it will take several years for the UK to put in place all the practical arrangements necessary for an orderly departure from the EU. If the UK notifies the European Council of its intention to withdraw under Article 50 of the Treaty on the Functioning of the European Union, the UK would cease to be a member no later than 2 years after the notice.</p> <p>In the interim, the UK is likely to have little credibility at the negotiation table when debating the interpretation of new measures but will nevertheless be obliged to implement them. Until there is more clarity around the likely timing of the UK's departure from the EU and the terms of its departure, firms should continue to work on the basis that the forthcoming measures will apply to them.</p>

# TRIVERS SMITH

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## *Will there be a significant impact in the future?*

This will depend in part on the terms of exit which are unlikely to be known for some time. If the UK remained part of the European Economic Area, it would retain access to the single market for financial services and operate within broadly the same regulatory framework. That outcome seems unlikely because the UK would also be subject to EU obligations on the free movement of persons, which was a key theme in the leave campaign. If the UK does not negotiate a trade deal with remaining EU members requiring it to comply with all rEU financial services law and regulation, there will be an intense debate about how much of that law and regulation is retained and for how long.

For a more detailed note on Brexit please click [here](#).

If you need assistance with your Brexit planning please contact any of the partners below

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## FOR FURTHER INFORMATION, PLEASE CONTACT

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