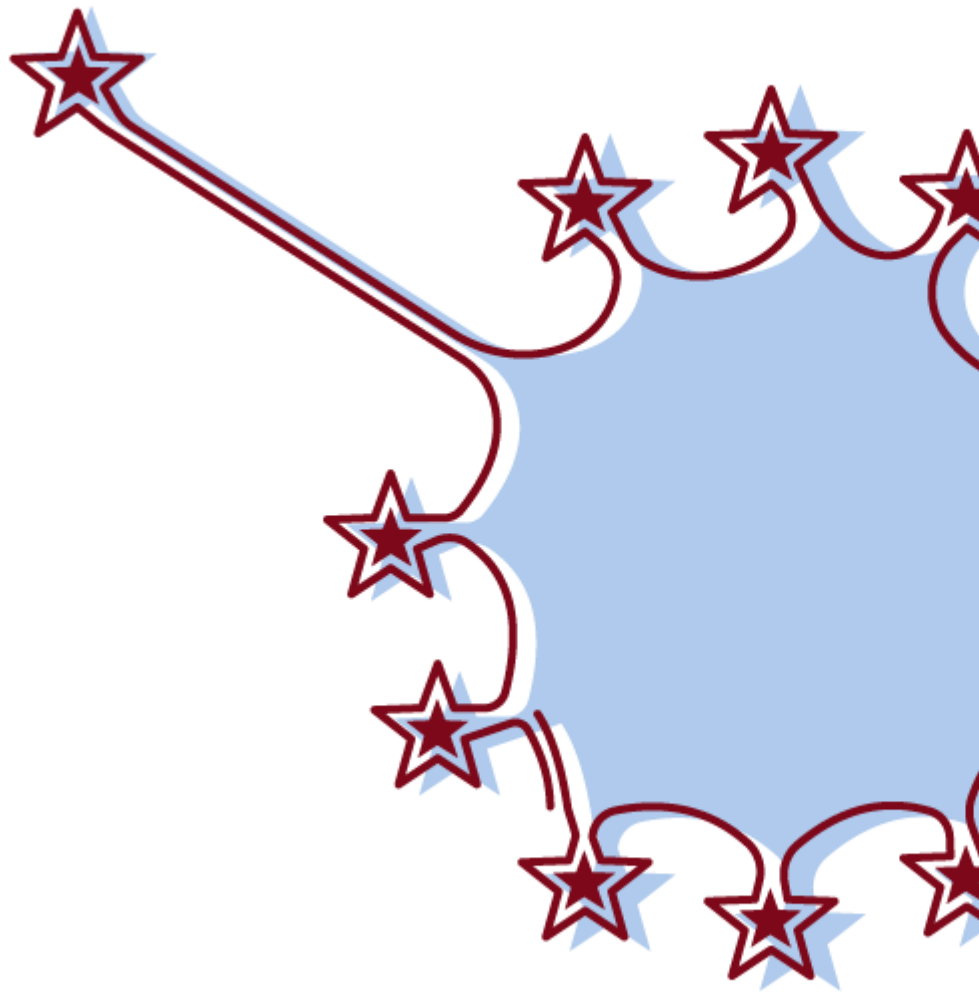


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Schlagworte

Brexit
EU

EU-UK - The struggle for the future relations from the banks' perspective



For all that the clock is ticking and the end of the transition phase is drawing nigh, there are no signs of relevant progress in the negotiations. The worlds of politics and business must therefore prepare for various developments – including the scenario that the United Kingdom, in spite of many years of EU membership, simply becomes a third country with which there is no trade agreement.

A comparable cliff-edge scenario already occurred during the negotiations on the exit agreement. At the time, the essential emergency measures were taken. For example, many banks applied for and obtained the necessary licences to enable them to continue to do business on both sides of the Channel.

However, the range and scale of specific financial activities transacted via London are so great that they cannot all be relocated. For the benefit of market and financial stability, and hence the economy and society on both sides of the Channel, a hard break must therefore be avoided.

Clarity and planning certainty – financial services in the free trade agreement

At the end of the transition period, the passporting rights for financial services providers and the full market access they permitted from the UK to the EU and vice versa will lapse. Market access issues must therefore be addressed at an early stage via the free trade agreement or the equivalence mechanism. Consideration of the framework conditions for financial services in the free trade agreement will make for clarity and planning certainty, as well as for financial stability. The framework conditions should provide for regular regulatory and prudential dialogues between the EU and the UK. In addition, specific areas of systemic importance, such as payment systems and clearing houses, should also be taken into account.

Market access via the equivalence mechanism

According to the negotiating mandates of the EU and the UK, a free trade agreement would at most contain the framework conditions for market access in financial services. Consequently, the equivalence mechanism, which regulates market access for specific financial services and has already proved its worth with respect to many other third countries, such as the USA and Japan, is of great importance. The EU has pledged to conclude the investigations for this by the end of June. The decisions still required at that stage should be taken promptly to provide financial services providers with planning certainty.

Supporting measures to facilitate the transition

There are also other areas which will play a decisive role in future EU-UK relations. The necessary measures include further strengthening of the EU internal market and the market infrastructure, creating the framework conditions for secure and efficient data exchange, avoiding conflicting regulatory frameworks, creating the framework conditions for employment and posting of workers and ensuring a sufficient period of adaptation after the transition period.

In a [position paper](#), the Association of German Banks presents the measures which it currently considers the most important to facilitate the transition and to establish a durable future relationship for the financial and banking sector.