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## Brexit Frequently Asked Questions for Banks

### What is changing for Luxembourg banks after a 'no-deal' Brexit?

A no-deal Brexit means that the European rules regulating many activities of Luxembourgish banks in the United Kingdom (UK) are no longer applicable. In particular, Luxembourg banks lose their 'passport rights' into the UK (with the passport rights into the EU27 remaining in place) and must separately request permission from the UK regulator to remain active in the United Kingdom.

In case the deal between the European Union (EU) and the UK is approved by both the European institutions and the relevant British authorities, virtually all current rules remain the same until the end of December 2020.

If there is no agreement (the no-deal scenario), the current European rules will be onboarded entirely into British law - at least that is the intention of the British government. For cross-border services there are many restrictions in that case, although some temporary emergency measures have been taken to allow, for example, the clearing of derivatives in the UK, with the aim not to jeopardize financial stability. In the UK, banks with mainly commercial banking activities have the opportunity to rely on the so-called "Temporary Permission Regime" (TPR), allowing them at least temporarily to remain active as a "third country branch" in the UK.

For the future relationship, the question is to what extent in the future there will be alignment between European and British rules in case of new legislation. In the future, the supervision and the making of rules will no longer cooperate in the same way. A new form of cooperation between supervisors and policy makers is required to guarantee financial stability and fair rules. The expectation is that this new relationship will be less strong than is currently the case. For Luxembourg-based banks, this means that cross-border activities will be less easy and efficient.

### What does a 'no-deal' Brexit mean for employees of Luxembourg banks in London?

The British government guarantees in a no-deal scenario that all EU citizens who live in the UK on the date of Brexit can stay in the UK.

EU citizens under the EU Settlement Scheme have until 31 December 2020 to register for a UK residence permit. The EU Settlement Scheme provides room for close family to join later.

Even in a no-deal scenario, EU citizens and their immediate family members largely retain their claim to the British social system and professional qualifications remain recognized.

However, these rights remain subject to a certain degree of reciprocity.

### What does a 'no-deal' Brexit mean for the services provided by UK banks in Luxembourg?

Not much in principle, at least for those banks present in Luxembourg under a license to provide services to EU customers in the EU can continue to do so. The situation may be different for those

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UK banks providing banking and/or investment services on cross-border basis to clients in Luxembourg.

How do Luxembourg banks with a presence in the UK prepare themselves?

A temporary license regime (Temporary Permissions Regime – TPR) has been set up in the UK for a transitional period during which banks with mainly wholesale banking activities as branches can remain active in the United Kingdom. However, banks with retail activities to consumers are required to apply for a full license under UK law.