

Tiverton u3a
Economics Group

Brexit and
Financial Services

9th March 2022

Agenda

- Size of Financial Service in UK
- Implementation Plan
- Passporting & Equivalence
- Equivalence
- Estimated Impact so far
- Joint Declaration

Size of Financial Services in UK

- 2019 6.9% of Total Economic Output
 40% of Fin Serv. Exports to EU
- 2020 8.6% of Total Economic Output
 Exports £62b – 35% to EU
 Imports £16b – 31% from EU

Implementation Plan

- Political Declarations
 - Ms May Nov 2018
 - Mr Johnson Oct 2019
 - Conclude “Equivalence” Assessments June 2020
- Trade & Cooperation Agreement Dec 2020
 - Financial Services mentioned 90 times
 - Fish related items mentioned 368 times !

Passporting & Equivalence

- Passporting
 - The right for any EU member state to operate in another state on same conditions as locals
- Equivalence
 - Only allows UK to operate in another state if conditions are “equivalent”

Equivalence

- June 2020 Deadline missed
- Nov 2020 UK published its assessment

- Mar 2022 Temporary exceptions agreed
 - Use UK clearing houses
 - For Irish securities until end of June 2021
 - For derivatives until end of June 2022

Joint Declaration

Financial Services Regulatory Cooperation

- Establish structured regulatory cooperation on Financial Services to allow:
 - Bilateral exchanges of views & analysis relating to regulatory initiatives and other areas of interest
 - Transparency & appropriate dialogue in the process of adoption, suspension and withdrawal of equivalence decisions
 - Enhanced cooperation & coordination including in international bodies as appropriate

Estimated Impact so far

- €100b of Irish Securities moved to Brussels
- >400 Banks & Fin Orgs relocate to EU
- 7500 jobs have relocated to EU
- Overall Services sector has not reduced much