

## Regulatory News Alert

### Countdown to Brexit

22 August 2018

On 15 August 2018, the ECB issued a publication following its communication to banks urging them to **prepare for all contingencies** in the context of the UK's impending exit from the EU.

With Brexit on the horizon, like most other EU Institutions, the ECB advises banks to submit the necessary action plans in order to ensure a smooth process and transition into the post-Brexit era as of day one, 30 March 2019.

The ECB recognizes that the majority of banks in the EU have submitted licence applications and Brexit plans, but stresses that there is still a number of banks with activities in the EU who have not yet submitted them. The ECB reminds banks that the exit of the UK from the EU and the EU single market will change the relationship between the two entirely and **the current levels of access in the EU's market will not be retained**. The ECB underlines that the time to make the transition is in the run up to Brexit, and highlights its concerns for those who have yet to prepare an action plan with significant time for implementation, as Brexit is quickly approaching. This targets not only the obvious situation of banks with activities in the UK, but all institutions.

As part of a final effort from the supervisory side to raise awareness of the **potential loss of their "EU passports,"** the ECB and national competent authorities have contacted the banks that hold passporting rights for the euro area that did not get in touch with the supervisors proactively. Passporting is only a part of the potential Brexit impacts, as the EU Commission, ESMA, and EBA has stated.

Banks that apply only now for a new licence or extension cannot assume that they will receive authorization in due time in spite of the ECB efforts; procedures might take as long as 12 months, hence leading all things being equal to potential business and compliance breaches.

### How can Deloitte help?

Deloitte has developed a systematic approach: a Brexit health check to assess potential Brexit impacts on your structure and organization. From there, based on both business development plans and legal realities, Deloitte can help you implement operational changes for your robust post-Brexit environment strategy.

With Deloitte RegWatch, stay on top of regulatory news and prepare your organization to address future regulatory developments.

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