

PRESS RELEASE

BREXIT: Italy has drafted transitional measures to ensure the continuity of both markets and intermediaries in the event of no deal

The Ministry of Economy and Finance has drawn up the measures necessary for ensuring the full continuity of both markets and intermediaries in the event of the United Kingdom's withdrawal from the European Union without an agreement.

Under such a scenario, the United Kingdom will become a third country as from 30 March 2019, with the consequent discontinuation of bilateral relations with the EU.

The measures have been drafted in close consultation with the regulatory authorities and after discussions with trade associations, and they will be fully effective in the event of withdrawal without an agreement. In all likelihood, the measures will be adopted in the form of a decree-law, should it be necessary and urgent to do so.

The aforementioned measures are aimed at ensuring the financial stability, the integrity, and the operational continuity of both markets and intermediaries, and at protecting depositors, investors, and customers in general, through the introduction of an appropriate transitional period during which such entities can continue to operate, similarly to the transitional period planned in the event of an agreement between the United Kingdom and the EU.

During the transitional period provided by the measures mentioned above, banking, financial and insurance intermediaries (including those active in the business of providing supplementary pensions) will be able to continue to operate according to existing laws and regulations. Such a scenario is envisioned for both British firms carrying out activity in Italy, and Italian firms carrying out activity in the United Kingdom. The protection of those intermediaries' depositors and investors will also be guaranteed on a continuous basis throughout the aforementioned transitional period.

The provisions will be differentiated according to the nature of the intermediaries involved, taking into account the applicable European and national laws and regulations.

The decree-law will identify the obligations and procedural steps that the various types of intermediaries have to comply with – based on applicable sector legislation – in order to continue to operate beyond the defined transitional period, with the aim of ensuring stable and certain parameters to allow each intermediary to adapt to the new institutional and operational framework.

Similar provisions will be included in the part of the decree-law concerning trading venues and intermediaries' access to those venues. In this case, too, the provisions for the transitional period – the period when intermediaries can continue their current activity according to the European sector legislation – will apply to both the British companies managing trading platforms operating in Italy and Italian companies managing trading platforms operating in the UK.

With reference to the investments of pension funds in UCITS and AIFs established under the laws of the United Kingdom of Great Britain and Northern Ireland, the decree will provide for the possibility to continue to hold such instruments during the transitional period.

The exceptional measures to be implemented through the decree-law are exclusively aimed at avoiding discontinuity in the exercise of activities subject to regulatory licensing and restrictions at a national level, in accordance with the relevant EU harmonized regulations.

The date of issuance of the decree-law will depend on forthcoming developments and the consequent decisions to be adopted in the United Kingdom with regard to the withdrawal from the European Union. In any event, the decree will be adopted in sufficient time to allow for the orderly execution of the activities and to provide a stable and certain regulatory framework within which intermediaries can operate, including in the case of withdrawal without an agreement.