
5,500 UK-BASED FINANCE FIRMS COULD LOSE EU 'PASSPORTING' RIGHTS

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The passport rights allowing 5,500 British-based financial firms to operate freely across the European single market are at stake in the fallout from Brexit, posing a significant risk to the finance sector, the countrys financial watchdog has revealed.

Some 8,000 financial firms based elsewhere in the European Union also do business in Britain via passporting, and their rights are likewise threatened, data from the Financial Conduct Authority (FCA) regulator showed.

The passport scheme allows companies to do business across the 28-nation European Union □ and the 31-strong European Economic Area which includes Iceland, Liechtenstein and Norway.

In the run-up to Britains EU exit referendum in June, major players in the City of London finance district warned about the impact of a possible departure from the EU single market □ and the loss of passporting.

BREXIT WILL DESTROY THE CITY OF LONDON AS WE KNOW IT

Should the UK vote to leave the EU in a future referendum, the decision will have far-reaching and damaging consequences for Londons financial sector, writes Sajjad Karim.

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The future of those rights is uncertain ahead of the expected start of Brexit negotiations next year to draw up a formal new trade deal with the EU.

These figures give us an initial idea of the effects of losing full access to the single market in financial services, said lawmaker Andrew Tyrie, who heads parliaments Treasury Select Committee (TSC).

The business put at risk could be significant.

Colm Kelleher, president of US bank Morgan Stanley, told the BBC that clearly some size of our businesses will have to be moved out of London and into Europe with the absence of any passporting agreement.

But he remains convinced London will retain its reputation and prestige as a global financial services centre.

FRANKFURT CHARM OFFENSIVE FOR BREXIT-WARY LONDON FIRMS

The marketing team of Frankfurt never expected its English-language dummy website to attract new businesses would actually go live after Britains European Union referendum.

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The FCA figures were published in a submission to the influential committee on Tuesday.

Britains Boris Johnson □ a vocal Brexit supporter who is now foreign secretary □ declared in July that he expected the country to retain passporting rights.

However, Germanys central bank chief Jens Weidmann said Monday that British banks would risk losing their automatic right to trade in EU states when the country leaves the bloc.

Passporting rights are tied to the single market and would automatically cease to apply if Great Britain is no longer at least part of the European Economic Area, Weidman said in comments to various media.

UK BANKS TO LOSE EU 'PASSPORT' POST-BREXIT, WARNS ECB BOSS

Financial institutions based in Britain will lose so-called passporting rights allowing them to operate across the European Union unless post-Brexit Britain is at least part of the European Economic Area, ECB policymaker Jens Weidmann has said.

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Negotiations will ultimately depend on mutual costs and benefits, according to Fabrice Montagne, chief economist for the United Kingdom at Barclays.

What price is Europe willing to pay to continue exporting its insurance products to the UK, and to continue to benefit from the financial services provided by London? he told AFP.

With 8,000 firms in the EU taking advantage of passporting rights, negotiations are likely to be a two way thing, according to Anthony Browne, head of the British Bankers Association.

Losing the passporting provisions wouldnt just be an issue for the City of London, he said, adding that smaller banks on the continent were very worried about losing the facility.

BACKGROUND

Britains shock vote to leave the EU on 23 June has sparked questions over its role as Europes financial capital, with cities like Frankfurt, home of the European Central Bank, and Dublin also hoping to cash in on any move out of London by financial companies.

The issue of whether euro clearing houses can remain in the British capital is set to be one of the most contentious issues as Britain seeks to negotiate its future trade relationship with the EU after its departure.

French President François Hollande warned that Britain's City of London financial district would have to give up its role in processing euro currency transactions after it leaves the European Union.

Britain has jealously guarded its status and won a recent EU court decision against the European Central Bank in order to keep hosting the euro deals.

HOLLANDE SAYS POST-BREXIT CITY MUST RELINQUISH EURO BUSINESS

Britain's City of London financial district would have to give up its role in processing euro currency transactions after it leaves the European Union, French President François Hollande warned on Wednesday (29 June).

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