

BREXIT: DEAL OR NO DEAL? REGULATORY AND TAX IMPLICATIONS FOR THE BANKING AND FINANCIAL SERVICES INDUSTRY

Date: 2019

Derivatives & Financial Instruments

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Derivatives & Financial Instruments, 2019 (Volume 21), No. 4 (Part I)

Derivatives & Financial Instruments, 2019 (Volume 20), No. 6 (Part II)

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The United Kingdom will be leaving the European Union without a deal on 31 October 2019 unless it ratifies the Withdrawal Agreement, requests a third extension of the article 50(3) period (to which the European Council must agree by unanimity) or revokes its article 50 notification.

In a no-deal Brexit scenario, all EU primary and secondary law will cease to apply to the United Kingdom as from 1 November 2019, 00:00 (CET). The United Kingdom would then become a third country (i.e. a country not a Member State of the European Union) for the purposes of the EU legal framework without an agreement to ensure an orderly withdrawal, meaning that it would be leaving the European single market and would no longer benefit from rights under EU law or be subject to its obligations. In these circumstances, the no-deal emergency measures enacted by the European Union and by several Member States (including Italy) would start to apply, thus resulting in a patchwork of different solutions and applicable regimes.

Conversely, if Brexit takes place with a deal, the United Kingdom would leave the European Union on the first day of the month following the ratification of the Withdrawal Agreement by both parties (currently, on 1 November at the latest), but EU law would continue to apply to and within the United Kingdom during the transition period, as provided for by Part Four of the Withdrawal Agreement. In this scenario, the United Kingdom and then-EU 27's access to one another's markets would continue on the current terms throughout the transition period.

These two articles outline:

- the consequences of the loss of passporting rights in the event of a no-deal Brexit and the transitional provisions in both the European Union-United Kingdom Withdrawal Agreement and the emergency Brexit Decree enacted by the Italian government (Part I); and
- the Italian tax consequences of Brexit for different banking and financial transactions (Part II).

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