Brexit insight

Monthly newsletter

June 2017
On 29 March 2017, the UK Government formally gave notice of the UK’s intention to leave the EU in accordance with Article 50(2) of the Treaty on European Union. The notification followed the UK’s historic referendum on 23 June 2016. On 19 June 2017, the UK and the European Commission held their first round of Article 50 negotiations.

In the wake of the UK’s decision to leave the EU, the UK financial services industry is attempting to identify the risks and opportunities that the UK’s exit may bring. A crucial aspect of the industry’s work will be keeping up with developments on this fast moving topic so that it may identify the risks and opportunities in a post-Brexit landscape. Our newsletter, Brexit insight, highlights key developments in the Brexit debate that will be of interest to and affect FSNForum members.

In this latest issue of Brexit insight:

- Anthony Belchambers, Chairman of FSNForum Advisory Council
- Update on the key Brexit related events of the past month
- The MFN clause as a challenge to a bold and ambitious UK-EU FTA
- FSN Forum research papers
- Brexit timeline
- Key EU and UK politicians in the Brexit debate
Foreword

Anthony Belchambers, Chairman of FSNForum Honorary Advisory Council

BREXIT: WHERE NOW?

Brexit! Trump! Even some of the EU elections! Now the UK! Electorates are getting rather good at putting establishment noses out of joint, confounding the pundits and reminding politicians "you servant, we master"! Like it or not, this and a 70% turnout is democracy at work. The result showed that some politicians had understood and engaged with this new wave of populist democracy rather better than others.

It is important, however, to distinguish the decision to call an election from how it was fought. The fact is, while it may have been driven by hubris and the optimism generated by a 20+ point lead in the polls, it was still the right call. The Prime Minister needed a clear mandate from the electorate on the priorities and stance to be adopted prior to the commencement of the negotiations. This was made even more necessary by the confusion and conflicting assumptions made over why the electorate voted for Brexit in the first case. The fact is the Government did get a mandate from the electorate - it was just one they did not expect or want!

As for the election's impact on the Brexit negotiations, a few thoughts...

Firstly, no party stood on a ticket of reversing the outcome of the Referendum, so Brexit still stands.

Secondly, there is a clear mandate for a more inclusive approach to the negotiations and for a higher priority to be given to a UK-tailored "soft" Brexit. Personally, I do not think this means a reversion to unqualified membership of the Single Market or the Customs Union (other than perhaps as a temporary basis for a transitional arrangement). As I have said before, there is little point in leaving the EU if you cannot take all the powers you need to compete in the world as an independent country.

Thirdly, a chastened and weakened Tory Government should mean an end to all the shallow and populist grandstanding - at least for now.

Fourthly, a weakened UK and a more unified Franco-German approach creates the risk of a harder-nosed deal from the EU which is oppressive to UK interests. This could leave the UK with no alternative but to walk away from the negotiations. It is to be hoped, however, that both sides will be driven to secure a negotiation outcome that is in the best European interest - about its betterment and not its fragmentation.

Finally, the resurgence of the Labour and Conservative parties in Scotland has booted the SNP drive for a second Independence referendum into the long grass - at least for the foreseeable future. Tory dependence on the DUP also means that the question of how to prevent the all-important soft N/S Irish border from becoming a leaky border moves further up the agenda.
Is it possible that the election outcome could result in a much less acrimonious dialogue and a more sensible deal than might have been the case had the Conservatives secured a thumping great majority? As one commentator put it "Is Theresa May so weak, she is now strong?" Time will tell.

The first day may have been a reasonably friendly start, but it is only the first of many. One thing is for sure: we are all now in for one rollercoaster of a ride!

Anthony Belchambers

Chairman,

Honorary Advisory Council

FSNForum
Update on the key Brexit related events

Chancellor’s Mansion House speech

On 20 June 2017, HM Treasury published the Chancellor’s Mansion House speech.

In his speech the Chancellor discusses a “Brexit for Britain”, where the UK leaves the EU but in a way that prioritises British jobs and underpins Britain’s prosperity. The Chancellor states that this can be achieved by: (i) securing a comprehensive agreement for trade in goods and services; (ii) negotiating mutually beneficial transitional arrangements to avoid unnecessary disruption and dangerous cliff edges; (iii) agreeing frictionless customs arrangements to facilitate trade across UK borders and to keep the UK’s land border on Ireland open and free-flowing.

The Chancellor states that avoiding fragmentation of financial services is a “huge prize” for the economies of Europe. He believes that this can be avoided if the challenge is approached with three simple principles: (i) a new process for establishing regulatory requirements for cross-border business between the UK and EU. It must be evidence-based, symmetrical, and transparent. It must also reflect international standards; (ii) cooperation arrangements must be reciprocal, reliable and prioritise financial stability. They must enable timely and coordinated risk management on both sides; and (iii) the arrangements must be permanent and reliable for the businesses regulated under these regimes.

Governor of the Bank of England Mansion House speech

On 20 June 2017, the Bank of England (BoE) published its Governor’s Mansion House speech.

In his speech Mr. Carney stated that “now is not the time” to tighten monetary policy, listing mixed signals on consumer spending and business investment, subdued domestic inflationary pressures and anaemic wage growth as reasons to hold off from reducing the stimulus measures the BoE introduced in August 2016. Before changing policy Mr. Carney said that he, personally, would like to see how weaker household spending is offset by better trade or a rebound in investment; whether wages start to increase and “how the economy reacts to the prospect of tighter financial conditions and the reality of Brexit negotiations.”

Mr. Carney warns that without a transition arrangement, some companies on both sides of the English Channel may soon need to activate contingency plans.

Mr. Carney also defended London's role as a hub for global derivatives trading. He stated that fragmentation was in no one’s economic interest nor was it necessary for financial stability. However, he also acknowledged
European concerns but felt that they could be addressed through “common standards and cooperative oversight.”

**David Davis statement following the opening of EU exit negotiations**

On 19 June 2017, the Secretary of State for Exiting the EU, David Davis MP, issued a statement following the opening of the Brexit negotiations. Key points in the statement include:

- agreement has been reached on how the talks will be structured over the coming months. Michel Barnier and David Davis will meet every four weeks. A number of technical working groups, tasked with driving progress on the detail, have also been established. These groups of experts have now met for the first time; and
- there is much common ground on the issues around the rights of UK citizens living in the EU and EU citizens living in the UK. The UK Government will publish a paper outlining its position on Monday, 26 June 2017.

**Michel Barnier statement following the opening of the negotiations with the UK**

On 19 June 2017, the European Commission’s (Commission) Chief Negotiator, Michel Barnier, issued a short statement following the opening of the Brexit negotiations. Key points in the statement include:

- the first stage of the negotiations will be broken down into three groups: citizens’ rights, the single financial settlement, and other separation issues. The second stage will be to scope the future relationship; and
- a dialogue on Ireland will also be started. The protection of the Good Friday agreement and the maintenance of the Common Travel Area are the most urgent issues to discuss.

**EU terms of reference for the Article 50 negotiations**

On 19 June 2017, the Commission published terms of reference for the Article 50 negotiations.

As stated above negotiating rounds will be organised once every four weeks in principle. The terms of reference states that the indicative dates are:

- 19 June;
- w/c 17 July;
- w/c 28 August;
- w/c 18 September; and
- w/c 9 October.
Joint statement by the Department for Exiting the EU and the European Commission

On 15 June 2017, a joint statement was issued by the Department for Exiting the EU and the Commission. The statement read:

“Michel Barnier, the European Commission’s Chief Negotiator, and David Davis, Secretary of State for Exiting the EU, agreed today to launch Article 50 negotiations on Monday, 19 June.”

Commission proposes amendments to EU and third-country CCP regime

On 13 June 2017, the Commission published a legislative proposal (and annex) to amend the European Market Infrastructure Regulation (EMIR) and the Regulation establishing the European Securities and Markets Authority (ESMA) in respect of the procedures and authorities involved for the authorisation of central counterparties (CCPs) and requirements for the recognition of third-country CCPs.

The proposal followed the Commission’s consideration that following the UK departure from the EU and given the large volumes of financial instruments denominated in euro and other EU currencies being cleared in third-country CCPs a disproportionate volume of euro-denominated derivatives transactions will be cleared in CCPs located outside the EU. The current proposal introduces significant changes to recognition and ongoing supervision of third-country CCPs in an attempt to address perceived shortcomings in existing supervisory arrangements.

Key points include:

- Equivalence decisions – The proposed amendments include changes to the procedure for adoption of equivalence decisions by the Commission; the proposal empowers the Commission to make an equivalence determination subject to further conditions and equips ESMA with the task of monitoring regulatory and supervisory developments in third-country jurisdictions that have been deemed equivalent by the Commission;
- Two-tier classification system for third-country CCPs – The Commission proposes to amend the system of recognition of third country CCPs by introducing their classification as systemically and non-systemically important from the EU financial markets perspective (Tier 1 and Tier 2 CCPs respectively); methodology for determining the systemic importance of third-country CCPs will be based on four criteria – (1) the nature, size and complexity of business, (2) the effects of failure or disruption of a third country CCP on EU financial markets, (3) clearing membership structure and (4) a third country CCP’s relationship, interdependencies and other interactions with financial market infrastructures;
- Additional requirements for Tier 2 third-country CCPs – While Tier 1 CCPs (non-systemic) will continue to be subject to the current authorisation and supervision regime, Tier 2 third-country CCPs will have
to meet additional recognition criteria including – but not limited to – (1) ongoing compliance with the relevant prudential requirements applicable to EU CCPs, (2) written confirmation from the relevant EU central banks of issue certifying compliance with any additional requirements imposed by those central banks, (3) granting ESMA access to any information and business premises upon request; the enforcement system will be based on a “comparable compliance” approach;

- **Enhanced ESMA supervisory powers (third-country CCPs)** – The Commission proposes to significantly enhance ESMA’s supervisory powers in respect of third-country CCPs, including regular reviews of recognition decisions, investigative and on-site inspection powers; recognised third-country CCPs will be obliged to pay supervisory fees to ESMA and will be subject to a periodic penalty payments regime for infringements of EMIR requirements; and

- **Enhanced ESMA supervisory powers (EU CCPs)** – The proposal also reflects ESMA’s increased role in authorisation and supervision of EU CCPs, including requirements of ESMA’s prior consent in relation to decisions pertaining to access to CCPs and/or to trading venues, the authorisation and extension of services of CCPs, capital requirements, interoperability arrangements and the obligation to pay supervisory fees; the proposal also includes amendments to procedures and the organisational setup of ongoing supervision of CCPs at the ESMA level, including the creation of a CCP Executive Session with ESMA’s Board of Supervisors.

The legislative proposal has been transferred to the European Parliament and to the Council for review and adoption. Both institutions will be able to propose additional amendments. It is expected that the legislative process will complete in late Q4 2018.

**FIA cautions against forced relocation of euro clearing**

On 6 June 2017, the global industry association, the FIA, issued a response to a communication from the Commission on challenges for critical financial market infrastructures and for further developing the Capital Markets Union. Specifically, the communication mentioned that possible options for safeguards to the financial system could include forced relocation of and/or enhanced supervision of euro clearing.

Whilst acknowledging the importance of protecting financial stability, the FIA believes that forced relocation of euro-denominated cleared derivatives would be the most disruptive and expensive approach to overseeing third-country CCPs.

“It’s important that we allow market forces to determine the appropriate location for euro clearing,” said Walt Lukken, president and CEO of the FIA. “Forced relocation would fragment liquidity, increase systemic risk and raise costs for the end-users that rely on these markets for hedging and managing their exposure to risk. Instead, appropriate safety, soundness, and confidence in clearing could be achieved through enhanced oversight or recognition with far less cost or disruption to markets.”
Article 50 challenge in the Irish court abandoned

On 31 May 2017, it was reported that a claim brought in the Irish High Court to determine whether the Article 50 process could be reversed was abandoned.

The claim, which was brought against the Irish Government, the Commission and the Council of Ministers, sought, amongst other things, clarification as to whether an Article 50 notice could be revoked. It was understood that the claimants had hoped that the question, which was studiously avoided in the Article 50 proceedings before the English courts, might be referred to the European Court of Justice (CJEU) as a matter of European law.

It was reported that, in view of the Irish Government signaling its opposition to any referral to the CJEU, there would have been considerable delays and the CJEU might not have been able to rule on the question before the UK left the EU.

ESMA issues principles on supervisory approach to relocations from the UK

On 30 May 2017, ESMA published an opinion setting out general principles aimed at fostering consistency in authorisation, supervision and enforcement related to the relocation of entities, activities and functions from the UK. The opinion is addressed to the national competent authorities, in particular those EU Member States that will remain in the EU (EU 27).

The opinion states:

- that new authorisations must be granted in full compliance with EU law and in a coherent manner across the EU 27;
- no recognition of authorisations granted by third country authorities is foreseen in EU law. Similarly, and although the UK enjoys full rights as an EU Member State until it withdraws from the EU, there cannot be any automatic recognition of the authorisation granted by the UK regulator into the EU 27. This is not foreseen in EU law, nor would the conditions of authorisation in this context be identical to those which the UK authorities had to examine before granting an authorisation;
- any outsourcing or delegation arrangement from entities authorised in the EU 27 to third country entities should be strictly framed and consistently supervised;
- outsourcing or delegation arrangements, under which entities confer either a substantial degree of activities or critical functions to other entities, should not result in those entities becoming letterbox entities nor in creating obstacles to effective and efficient supervision and enforcement;
- ESMA will establish a forum – the Supervisory Coordination Network – to allow national competent authorities to report on and discuss cases of relocating UK market participants; and
ESMA intends to develop sector-specific opinions in areas such as those concerning asset managers, investment firms and secondary markets.

Draft EU position papers on Article 50 negotiations

On 29 May 2017, the Commission published two draft position papers on the Article 50 negotiations. The draft position papers covered:

- essential principles on citizens' rights. The position paper discusses how the EU wants to protect the rights of EU citizens after Brexit; and
- essential principles on financial settlement. The position paper discusses a single financial settlement in relation to the EU budget, the UK's termination of membership from all bodies and institutions established by the EU Treaties and the UK's participation in specific funds and facilities related to EU policies.

Council authorises Commission to start Brexit negotiations

On 22 May 2017, the General Secretariat of the Council adopted the following:

- Council decision authorising the opening of negotiations with the United Kingdom of Great Britain and Northern Ireland for an agreement setting out the arrangements for its withdrawal from the European Union;
- Council Decision concerning the establishment of the ad hoc Working Party on Article 50 Treaty on European Union (TEU) chaired by the General Secretariat of the Council; and
- guiding principles for transparency under Article 50 of the TEU.

The text of the adopted decision authorising the opening of Brexit negotiations and the adopted negotiating directives are based on a recommendation presented by the Commission on 3 May 2017 and build on the guidelines adopted by the European Council on 29 April 2017. Their adoption provides for the start of negotiations with the UK following its notification of its intention to withdraw from the EU (under Article 50 of the TEU).
The MFN clause as a challenge to a bold and ambitious UK-EU FTA

By Mark Simpson and Milagros Miranda Rojas at Norton Rose Fulbright LLP

The UK is leaving the EU. Negotiations are yet to commence in earnest given the intervention of an unexpected snap election in the UK but it is clear that the UK wishes to secure a free trade agreement (FTA) as the cornerstone of a new and special UK-EU partnership. To this end, the UK has proposed to negotiate a “bold and ambitious” FTA that “should be of greater scope and ambition than any such agreement before it so that it covers sectors crucial to our linked economies such as financial services and network industries”.

It is thus clear that the UK Government’s objective is to secure an FTA that provides for the maximum possible level of market access and which avoids the cliff-edge that would follow if a deal was not in place on Day 1 after exit, which would otherwise entail trade between the UK and the remaining EU 27 being in WTO terms only. In other words, the UK is seeking to retain as far as possible the trade benefits it currently enjoys as a member of the EU Single Market but without being a member of it (and being subject to all of the restrictions that apply to membership). An FTA of this ambition would go significantly beyond those previously negotiated by the EU, including the CETA arrangement with Canada and the FTA with Korea –perhaps the most advanced FTAs the EU has concluded to date. The question is then whether this is feasible – can an ambitious FTA UK-EU FTA replicate the advantages of the EU Single Market? And will the EU be prepared to enter into an agreement that goes further than FTAs it has negotiated with third countries?

There are many factors that influence the potential scope of trade deals between sovereign states - political, legal and technical complexities, not to mention anticipation of the ratification process for its entry into force (i.e. will the negotiating governments be able to “sell” the final deal to their national parliaments and domestic interest groups). Another important factor can be the application of restrictions that apply in deals already done. For example, FTAs already in force might include a Most Favoured Nation (MFN) clause inserted. This could prove significant in the case of the UK-EU FTA as many of the EU’s FTAs with third countries include a MFN clause, for example the EU’s FTAs with South Korea, Canada, Singapore and CARIFORUM\(^1\) amongst others.

The MFN principle is a cornerstone of the multilateral trading system. The WTO framework mandates its state members to extend immediately and unconditionally to every other WTO member any trade or market access

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\(^1\) Economic Partnership between the EU and the CARIFORUM States (Dominican Republic, Antigua and Barbuda, Bahamas, Barbados, Belize, Dominica, Grenada, Guyana, Haiti, Jamaica, Saint Christopher and Nevis, Saint Lucia, Saint Vincent and the Grenadines, Suriname and Trinidad and Tobago
concession made to any country. In that sense, every concession is “multilateralised” as every WTO member will benefit from every concession listed in any of the members schedules of concessions.

But – importantly, a comprehensive FTA is an exemption to the multilateral MFN principle under the WTO framework, because such agreements are – by definition – understood to advance trade liberalisation by allowing two or more countries to reduce trade barriers between them even further than they would be prepared to offer unilaterally to “all comers”. Hence, concessions made within an FTA only apply between the parties to the agreement as a deal struck for mutual benefits above and beyond the liberalisation achieved through WTO membership.

The inclusion of the MFN in preferential trade agreements, such as the FTA, however serves a different purpose. Its inclusion is to protect the interests of the parties to the agreement by locking in the preferential market access and other benefits to avoid the erosion of those benefits through one country subsequently granting more liberalised concessions to other countries. In that way, parties to the original FTA also ensure that they will benefit from any trade concessions that the other party might grant in the future, at least in respect of the areas covered by the prior agreement.

The type of MFN clauses included in the EU FTAs with third countries will not apply to the entirety of concessions and commitments granted across the FTA. Rather, it is usually included in the FTAs within specific sectors, notably within chapters concerning trade in services and investments. For example, in the EU-South Korea FTA an MFN clause applies to provisions facilitating market access for services suppliers “cross-border” (i.e. businesses outside the EU being able to sell services into the EU) and for those provisions that support establishment (i.e. allowing foreign businesses to establish a commercial presence in the EU from which to trade).

So, how might this affect the detail of a UK-EU FTA? It means that any area covered by an MFN in an existing EU FTA could be relevant to – and a potential break on - the EU’s willingness to grant the UK greater market access or provide any additional concessions or commitments to the UK. Why? Because – where an MFN applies – the EU would also have to grant that improved market access to those other preferential third countries (with which an FTA is already in place), without obtaining anything further in return from that country. For example, if an UK-EU FTA granted more favourable market access than the services commitments already extended to South Korea, those benefits will need to be extended immediately to South Korea as well. In that sense, the UK could end up negotiating a better deal for itself and third countries that are parties to existing FTAs with the EU in some areas.

The extent to which the EU will be constrained will depend on the text of the particular MFN clause and the third country agreement itself. In many cases, the inclusion of the MFN clause is followed by specific exceptions and conditions to its application. For example, in the case of South Korea, the MFN clause does not apply to
measures providing for recognition of qualification, licences or prudential measures in accordance with Article VII or the Annex on Financial Services or concerning certain exemptions.

The existence of MFN clauses in existing EU FTAs with third countries might therefore impose limitations as to the degree of liberalisation to be achieved. The EU might be constrained from granting the UK more ambitious concessions than those currently granted to preferential third countries, such as South Korea or Canada.

What does this mean for the chances of a UK-EU FTA, and the UK Government’s objective that the new trade deal will replicate as much as possible the market access obtained under the EU Single Market? At worst, it could mean it will be impossible to achieve that objective in some areas (e.g. in services) because the price of agreeing this on the EU’s side will involve granting benefits not just to UK businesses but to businesses in third countries, and this price could be too high. But, at the very least, it constitutes a further challenge for UK and EU negotiators to ponder as they embark on the negotiations.
FSN Forum research papers

Euro Clearing and Brexit – The Practitioners’ view

On 16 January 2017, the FSNForum published its second research piece, considering the EU’s proposal that the clearing of euro-denominated products should be restricted to the Eurozone.

The paper has been widely covered in the press:

- https://www.ft.com/content/190768d8-d982-11e6-944b-e7eb37a6aa8e
- http://www.telegraph.co.uk/business/2017/01/16/topsy-turvy-markets-treating-good-news-bad/

Examining regulatory equivalence

On 12 January 2017, the FSN Forum published a report it had commissioned which examines approaches to the interpretation and measurement of regulatory equivalence. The report finds that there are common features between equivalence and passporting (such as cooperation arrangements, comparable regulatory frameworks and data sharing) which suggest that a framework of equivalence could be established to ensure a harmonised approach to equivalence in UK-EU negotiations.

To obtain a copy of any of these research papers please contact Stephen Talbot at stephen.talbot@fsnf.uk
<table>
<thead>
<tr>
<th>Date</th>
<th>Event</th>
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<tr>
<td>29 March</td>
<td>Article 50 triggered</td>
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<td>30 March</td>
<td>White Paper on Great Repeal Bill</td>
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<td>31 March</td>
<td>President of European Council Donald Tusk publishes draft negotiation</td>
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<td>guidelines</td>
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<td>29 April</td>
<td>EU summit, remaining EU members will adopt negotiation guidelines</td>
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<td>Spring</td>
<td>Great Repeal Bill announced at opening of Parliament</td>
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<td>Late May / early June</td>
<td>Start of formal face-to-face talks</td>
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<td>Late 2017</td>
<td>Great Repeal Bill goes through Parliamentary scrutiny</td>
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<td>Late December</td>
<td>EU chief negotiator Michel Barnier expects initial discussions to</td>
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<td>conclude</td>
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<td>Early 2018</td>
<td>Great Repeal Bill likely to receive Royal Assent</td>
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<td>Mid 2018</td>
<td>Parliament may need to pass further laws to cover any gaps in</td>
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<td>legislation</td>
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<td>30 September</td>
<td>Brexit negotiator Michel Barnier wants to wrap up Brexit terms</td>
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<tr>
<td>Late 2018 / early 2019</td>
<td>Both Houses of Parliament and European Council and Parliament will</td>
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<td>have a vote on any deal</td>
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<td>30 March 2019 at 00:00 (Brussels time)</td>
<td>Two year negotiating window closes unless an extension is agreed. If no extension, the UK will leave the EU with or without agreement</td>
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# Key EU politicians in the Brexit debate

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<th>EU position</th>
<th>Name</th>
<th>Comment</th>
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<tr>
<td>President of the European Commission</td>
<td>Jean-Claude Juncker</td>
<td>Luxembourg politician who has been President of the EU since 2014. The President is elected for a five year term.</td>
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<tr>
<td>President of the European Parliament</td>
<td>Antonio Tajani</td>
<td>Italian politician who assumed office on 17 January 2017. He was previously one of the fourteen Vice-Presidents of the European Parliament and the European Commissioner for Industry and Entrepreneurship. He was also one of the Vice-Presidents of the European Commission.</td>
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<tr>
<td>European Council Presidency</td>
<td>Joesph Muscat (current Prime Minister of Malta)</td>
<td>Rotates every six months; Malta currently holds the Presidency. From July to December 2017 Estonia will hold the Presidency. From January to June 2018 Bulgaria will hold the Presidency. From July to December 2018 Austria will hold the Presidency.</td>
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<tr>
<td>Chancellor of Germany</td>
<td>Angela Merkel</td>
<td>The next German federal election will be held between 27 August 2017 to 22 October 2017.</td>
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<td>President of France</td>
<td>Emmanuel Macron</td>
<td>Elected as the new President of France. French Parliamentary elections take place on 11 and 18 June 2017.</td>
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<tr>
<td>Prime Minister of Italy</td>
<td>Matteo Renzi</td>
<td>The next Italian general election is due to be held no later than 23 May 2018.</td>
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<tr>
<td>European Parliament's Chief Brexit negotiator</td>
<td>Guy Verhofstadt</td>
<td>Liberal MEP and former Begian Prime Minister</td>
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<tr>
<td>Role</td>
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<td>Chief Brexit negotiator for the European Commission</td>
<td>Michael Barnier</td>
<td>Vice President of the European People’s Party</td>
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<td>Appointed by the European Union to lead a special internal Brexit task force on behalf of EU member states</td>
<td>Didier Seeuws</td>
<td>Belgian civil servant and diplomat</td>
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<tr>
<td>Brexit negotiator for the European Commission</td>
<td>Martin Selmayr</td>
<td>Head of Cabinet of the President of the European Commission</td>
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<tr>
<td>Minister of State for Europe at the German Federal Foreign Office in the third Merkel Cabinet</td>
<td>Michael Roth</td>
<td>Germany’s de facto Brexit negotiator</td>
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<tr>
<td>European Commissioner for Trade</td>
<td>Cecilia Malmstrom</td>
<td>EU's lead trade Brexit negotiator</td>
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The UK Government departments

Department for Exiting the EU

The Department is tasked with:

- Overseeing negotiations to leave the EU and establishing the future relationship between the UK and the EU.

- Working closely with the UK’s devolved administrations, Parliament, and a wide range of other interested parties on what the approach to those negotiations could be.

- Conducting the negotiations in support of the Prime Minister including supporting bilateral discussions on EU exit with other EU countries.

- Leading and coordinating cross-government work to seize the opportunities and ensure a smooth process of exit on the best possible terms.

The Ministerial team includes: David Davis MP (Secretary of State for Exiting the EU); Baroness Anelay of St Johns DBE (Minister of State); Robin Walker MP (Parliamentary Under Secretary of State); and Steve Baker (Parliamentary Under Secretary of State).

Departmental website can be found here.

Department for International Trade

The Department is tasked with:

- Developing, coordinating and delivering a new trade and investment policy to promote UK business across the globe.

- Developing and negotiating free trade agreements and market access deals with non-EU countries.

- Negotiating plurilateral trade deals (focused on specific sectors or products).

- Providing operational support for exports and facilitating inward and outward investment.

- Supporting the UK’s World Trade Organisation membership and representation.

The Ministerial team includes: Liam Fox MP (Secretary of State for International Trade and President of the Board of Trade); Greg Hands MP (Minister of State for Trade and Investment); Lord Price (Minister of State for Trade Policy); and Mark Garnier MP (Parliamentary Under Secretary of State).
Departmental website can be found here.

The UK Government Committees – European Union Exit and Trade Cabinet Committee

The role of this Committee is to “oversee the negotiations on the withdrawal from the EU and formation of a new relationship between the UK and the EU; and policy on international trade.”

Members of the Committee include: Theresa May MP (Prime Minister); Phillip Hammond MP (Chancellor); Amber Rudd MP (Secretary of State for the Home Department); Boris Johnson MP (Secretary of State for Foreign and Commonwealth Affairs); David Davis MP (Secretary of State for Exiting the EU); Liam Fox MP (Secretary of State for International Trade and President of the Board of Trade); Greg Clark MP (Secretary of State for Business, Energy and Industrial Strategy); David Gauke MP (Secretary of State for Work and Pensions); Chris Grayling MP (Secretary of State for Transport); Michael Gove MP (Secretary of State for Environment, Food and Rural Affairs); Priti Patel MP (Secretary of State for International Development); Patrick McLoughlin MP (Chancellor of the Duchy of Lancaster); David Mundell MP (as required) (Secretary of State for Scotland); Alun Cairns MP (as required) (Secretary of State for Wales); and James Brokenshire MP (as required) Secretary of State for Northern Ireland.

The Parliamentary Committees – House of Commons

Before the General Election the Exiting the EU Committee was chaired by Hilary Benn MP. The Committee’s first inquiry was looking at the UK’s negotiating objectives for withdrawal from the EU. Committee website can be found here.

Before the General Election the International Trade Committee was chaired by Angus Brendan MacNeil MP (SNP), gathering evidence for its inquiry on the UK’s trade options that might be available for the UK once it withdraws from the EU. Committee website can be found here.

The Parliamentary Committees – House of Lords

Before the General Election the Liaison committee was chaired by Lord McFall. The committee is an informal group whose role is to “help to coordinate and oversee committee activity in in the House relating to Brexit and to keep in touch with Brexit scrutiny being carried out in the House of Commons’ committees.”
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