

ALLEN & OVERY

UK temporary permission regime for banks and investment firms

Our online toolkit to enable EEA firms to meet their UK compliance obligations post-Brexit

European Economic Area (**EEA**) banks and investment firms with UK branches as well as those who provide banking and investment services into the UK on a cross border basis face a considerable compliance change management exercise in order to comply with the amendments to the Prudential Regulation Authority (**PRA**) and Financial Conduct Authority (**FCA**) regulatory rule sets as a result of Brexit.

Changes to compliance policies, procedures, systems and disclosures for firms will be required (i) on entry at the point of Brexit into the UK temporary permissions regime (**TPR**) and (ii) on exit from the TPR.

The UK regulators have taken different approaches to amending their rule sets. Each regulator has indicated that it will treat firms in the TPR in the same way as third country firms post-Brexit, subject to certain modifications, but has taken a different approach to the modification of rules for such firms relative to third country firms. The rules will also apply differently to firms with a UK branch presence and those providing services into the UK on a cross border basis.

What the toolkit does

The toolkit enables EEA firms providing wholesale services in or into the UK to identify and scope how the FCA and (where relevant) PRA rules will change for them on entry into, and on exit from, the TPR.

The toolkit has been prepared on the basis of the PRA rulebook and FCA handbook in force on 1 February 2019 and the amendments proposed by the PRA and FCA Brexit consultation papers and policy statements. We are not intending to provide on-going advice after the 29 March 2019, but would be happy to do so on an individual basis.

The toolkit reflects the fact that the rules are expected to be amended on the basis that the UK will withdraw from the EU without a deal or transitional arrangement.

Our online toolkit includes the following:

Executive summary:



Our executive summary contains an overview and explanation of the approach that the regulators have taken as well as the key action items for institutions to consider.



Summary of rule set changes:

Our summary of the rule set changes gives firms a chapter-by-chapter overview of the key impacts and can form the basis of your regulatory and compliance planning. This summary is divided between the PRA rulebook and FCA handbook.

Detail and guidance on the PRA rulebook:



A line-by-line analysis of the PRA rulebook changes on entry and on exit to the TPR (this element of the toolkit will be applicable to banks only). Our guidance identifies where a rule applies today; where the application and scope will change and whether transitional relief is available.



Detail and guidance on the FCA handbook:

A line-by-line analysis of the FCA handbook changes on entry and on exit to the TPR (this element of the toolkit will be applicable to both banks and investment firms). Our guidance identifies where a rule applies today; where the application and scope will change; whether substituted compliance is or may be available and whether transitional relief may be available.

Pricing and availability

Access to our online toolkit is by subscription only. Each subscription costs a one-off fee which is exclusive of VAT and is provided on a group basis, with each group being permitted an unlimited number of logins to our online toolkit from which you can download our executive summary and line-by-line rule analysis.

The one-off fee will be determined as follows:

- for dual-regulated firms (who require access to both the PRA and FCA rule sets), £15,000; and
- for solo-regulated firms (who require access to the FCA rule set), £12,500.

Benefits of using our online toolkit

Our online implementation toolkit provides firms with a valuable resource on which to base their Brexit implementation projects and has already been taken up by a number of firms. We consider that our online implementation tool provides firms with the following key benefits:

Assurance:



The toolkit has been generated by a team of highly qualified regulatory lawyers – lending assurance that it offers a thorough analysis of the rules.

Audit trail:



Using our toolkit generates an audit trail which identifies whether and how each rule applies and will feed into compliance monitoring programmes.

Cost effective:



A subscription to our online toolkit is priced competitively given that analysis of the PRA and FCA rule set would otherwise be a time consuming exercise.

Updates:



We will update the toolkit accurately to reflect the state of play as at 29 March.

Key Contacts

If you would like to discuss our toolkit further, would like us to provide you with a demonstration or would like further advice in relation to your firm's Brexit planning, please contact a core member of our toolkit team (below) or your usual Allen & Overy contact.

Regulatory

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