

Ministry of Economics and Finance

Press Office

Press release n. 15

BREXIT: Italy has prepared transitional measures to ensure continuity of markets and institutions in a no-deal scenario

The Ministry of Finance has prepared necessary measures to ensure full continuity of markets and institutions in case of withdrawal of the United Kingdom from the European Union without a deal.

In such a scenario, starting from 30 March 2019, the United Kingdom will become – for all purposes – a third country, which will result in a discontinuity in its bilateral relationship with the EU.

The measures, prepared in close collaboration with the supervisory authorities and after consulting the relevant trade associations, would come into full effect in the event of withdrawal without a deal. Most likely, these measures will be adopted in the form of a law decree, provided that the “necessity and urgency” requirements are satisfied.

These measures aim to ensure the financial stability, integrity and business continuity of markets and institutions and the protection of depositors, investors and customers in general, by introducing an appropriate transitional period during which these entities may continue to operate, similar to the transitional phase established in case of an agreement between the United Kingdom and the EU.

During the transitional period provided by this legislative act, institutions – regardless of them being credit, financial or insurance institutions (even if operating in the pension funds’ sector) – will be able to continue carrying out business under the current rules. This possibility will apply to both UK institutions operating in Italy and to Italian institutions operating in the United Kingdom. Moreover, during this time the protection of depositors and investors of these institutions will be seamlessly ensured.

The legislative provisions will be different according to the nature of the concerned institutions, considering the applicable European and Italian regulations.

These provisions will set out the obligations that all types of institutions will have to comply with – under the applicable sectoral rules – to continue carrying out business even beyond the transitional period; with a view to establishing a clear framework that will enable institutions to adapt to the regulatory and operational regime that will come into existence.

Similar measures will be provided in the part of the legislative act that will relate to trading venues and to the access of participants thereto. Even in this case, the measures relating to the transitional period (during which the current activities under the sectoral European regulations may continue) will apply to both UK operators of trading venues who conduct business in Italy and to the Italian operators who conduct business in the United Kingdom.

Moreover, with respect to investments of pension funds in collective investment schemes located in United Kingdom, the legislative act will include the possibility to continue holding these instruments during the transitional period.

It is noted that the exceptional rules brought in by the legislative act have the sole purpose of avoiding any discontinuity in the conduct of activities that are subject to national licensing requirements, in compliance with the relevant EU harmonisation rules.

The issue date of the legislative act will depend on future developments and on the subsequent decisions taken by the United Kingdom with regards to their withdrawal. In any case, it will be adopted in good time to ensure activities are conducted in an orderly fashion, and to provide a clear legal framework under which business can be done even in the event of withdrawal without a deal.

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