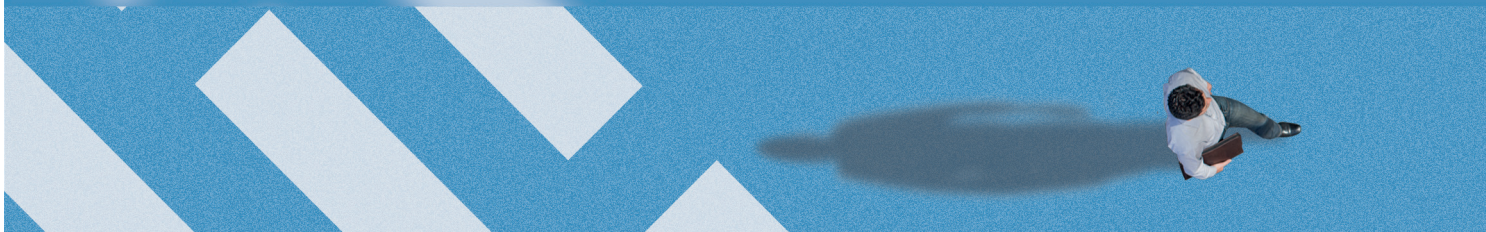


C L I F F O R D
C H A N C E



**BREXIT IMPACT ASSESSMENT TOOL
FOR UK BRANCHES OF EEA BANKS**

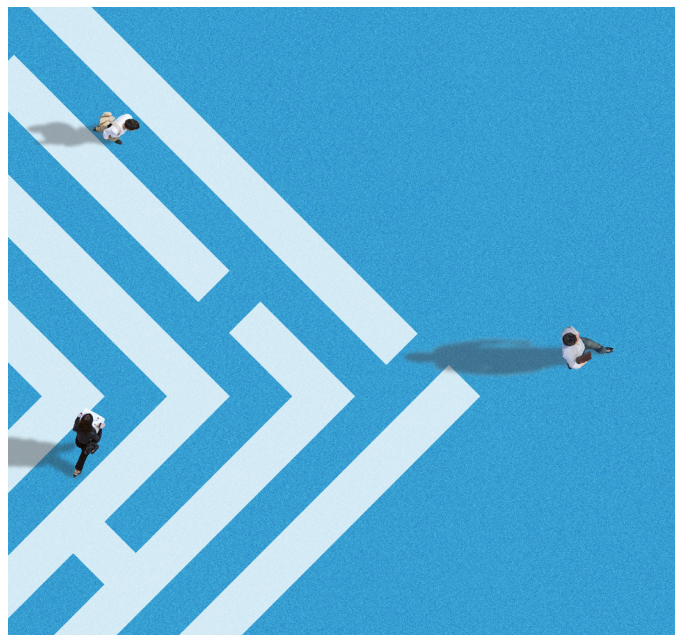
BREXIT IMPACT ASSESSMENT TOOL FOR UK BRANCHES OF EEA BANKS

Brexit planning for EEA banks with UK branches

The Brexit impact assessment tool assists EEA banks with deposit-taking UK branches with their contingency planning for Brexit, by identifying areas where there are likely to be significant differences between the UK regulatory requirements that currently apply to them in relation to their UK branches and those that may apply post-Brexit.

Many EEA banks currently provide banking and investment services and access UK and international financial markets through a UK branch pursuant to a branch passport under CRD IV and wish to continue these activities, to the extent practicable, through their UK branch after the UK has left the EU.

These EEA banks should plan on the basis that they may need to become fully authorised and regulated in the UK in a similar way to third country banks with UK branches. Our impact assessment tool compares the current UK regulatory treatment of EEA banks that have passported branches in the UK with the UK rules that that apply to third country banks operating in the UK, to help EEA banks decide where to focus their Brexit planning efforts and resources.



Features of the impact assessment tool

- Side-by-side comparison of the current UK regulatory treatment of:
 - EEA banks relying on a branch passport to provide services from a deposit-taking UK branch; and
 - third country banks that have established a deposit-taking UK branch
- Colour coded impact assessment of differences in UK regulatory requirements and high level summary of key areas where significant differences are likely
- Considers a scenario where no agreement is reached between the UK and EU in respect of financial services regulation and no transitional arrangements apply
- Covers authorisation, ongoing regulatory requirements and resolution planning and insolvency
- Available in pdf and in excel format for use as the basis of an internal project plan

Key reasons for using the impact assessment tool

- Identify areas of 'higher impact' where there are likely to be significant additional UK regulatory requirements for EEA banks with UK branches post-Brexit
- Assist firms in deciding where to focus their Brexit planning efforts and resources
- Help firms navigate through multiple rule sets which apply differently to EEA banks and third country banks with UK branches

Pricing

The impact assessment tool is available to Clifford Chance clients for an up-front fee.

PART 1: INTRODUCTION

When EEA Banks currently provide banking and investment services through their UK branches pursuant to a branch passport under EU law, EEA Banks are in a good state of preparedness about what will occur following between the UK and EU regions over the long term. It is unlikely that Transforming EEA Banks will be able to continue to rely on the current regulatory regime in order to provide financial services from a UK branch after the UK leaves the EU.

Purpose

The purpose of this Impact Assessment is to provide a comparison of the current UK regulatory treatment of:

- EEA Banks with UK branches (in respect of services falling within scope of the CRD in respect of assets, and
- Third Country Banks with UK branches.

An aim for identifying the additional requirements that may apply to Transforming EEA Banks in respect of the activities of their UK branches after the UK leaves the EU.

Navigating the impact assessment

The summary impact assessment of Part 2 provides a very high level overview of the areas where there are likely to be significant differences between current regulatory requirements applicable to UK branches of EEA Banks and Third Country Banks in respect of the activities of their UK branches after the UK leaves the EU. It is divided into four sections. Section 1 identifies areas where regulatory rules or additional requirements may apply to UK branches of EEA Banks and Section 2 identifies areas where there may be an increase in regulatory requirements. There are also other areas where there may be a decrease in regulatory requirements as set out in Part 2 to 4 of the Impact Assessment.

Part 3 to 6 provides high level summaries of the requirements currently applicable to UK branches of EEA Banks and Third Country Banks in order to authorise, ongoing regulatory requirements and the continuity or resolution of the UK branch. Accordingly, the full particulars of the status of Parts 3 to 6 are the following: to include our assessment of the scope of impact that a change in regulatory requirements applicable to EEA Banks and Third Country Banks in respect of the activities of their UK branches, is likely to have on Transforming EEA Banks.

Basics of preparation

The Impact Assessment has been prepared to reflect the financial services regulatory requirements applicable to UK branches of EEA Banks and Third Country Banks as of August 2017, as provided for in the legislative, regulatory and guidance documents set out in **Annex A** of this document. It also considers the changes that are expected to be made to existing FRS and FCA requirements under MIFID II, which is due to be adopted in the UK in accordance with the UK's obligations under the EU Treaty on 1 January 2018.

In preparing this Impact Assessment, we have not sought to identify any changes that may be introduced in existing regulatory requirements through the European Union withdrawal Bill, and therefore a programme meeting to the UK's withdrawal from the EU or any agreement that may be entered regarding the UK's future relationship with the EU. Further, details about the impact of which the Impact Assessment has been prepared and the scope of our analysis concerning and confidentially restrictions, see set out in **Annex B**.

Guidance terms used in this document are defined in the glossary of **Annex C**.

1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 | 16 | 17 | 18 | 19 | 20 | 21 | 22 | 23 | 24 | 25 | 26 | 27 | 28 | 29 | 30 | 31 | 32 | 33 | 34 | 35 | 36 | 37 | 38 | 39 | 40 | 41 | 42 | 43 | 44 | 45 | 46 | 47 | 48 | 49 | 50 | 51 | 52 | 53 | 54 | 55 | 56 | 57 | 58 | 59 | 60 | 61 | 62 | 63 | 64 | 65 | 66 | 67 | 68 | 69 | 70 | 71 | 72 | 73 | 74 | 75 | 76 | 77 | 78 | 79 | 80 | 81 | 82 | 83 | 84 | 85 | 86 | 87 | 88 | 89 | 90 | 91 | 92 | 93 | 94 | 95 | 96 | 97 | 98 | 99 | 100 | 101 | 102 | 103 | 104 | 105 | 106 | 107 | 108 | 109 | 110 | 111 | 112 | 113 | 114 | 115 | 116 | 117 | 118 | 119 | 120 | 121 | 122 | 123 | 124 | 125 | 126 | 127 | 128 | 129 | 130 | 131 | 132 | 133 | 134 | 135 | 136 | 137 | 138 | 139 | 140 | 141 | 142 | 143 | 144 | 145 | 146 | 147 | 148 | 149 | 150 | 151 | 152 | 153 | 154 | 155 | 156 | 157 | 158 | 159 | 160 | 161 | 162 | 163 | 164 | 165 | 166 | 167 | 168 | 169 | 170 | 171 | 172 | 173 | 174 | 175 | 176 | 177 | 178 | 179 | 180 | 181 | 182 | 183 | 184 | 185 | 186 | 187 | 188 | 189 | 190 | 191 | 192 | 193 | 194 | 195 | 196 | 197 | 198 | 199 | 200 | 201 | 202 | 203 | 204 | 205 | 206 | 207 | 208 | 209 | 210 | 211 | 212 | 213 | 214 | 215 | 216 | 217 | 218 | 219 | 220 | 221 | 222 | 223 | 224 | 225 | 226 | 227 | 228 | 229 | 230 | 231 | 232 | 233 | 234 | 235 | 236 | 237 | 238 | 239 | 240 | 241 | 242 | 243 | 244 | 245 | 246 | 247 | 248 | 249 | 250 | 251 | 252 | 253 | 254 | 255 | 256 | 257 | 258 | 259 | 260 | 261 | 262 | 263 | 264 | 265 | 266 | 267 | 268 | 269 | 270 | 271 | 272 | 273 | 274 | 275 | 276 | 277 | 278 | 279 | 280 | 281 | 282 | 283 | 284 | 285 | 286 | 287 | 288 | 289 | 290 | 291 | 292 | 293 | 294 | 295 | 296 | 297 | 298 | 299 | 300 | 301 | 302 | 303 | 304 | 305 | 306 | 307 | 308 | 309 | 310 | 311 | 312 | 313 | 314 | 315 | 316 | 317 | 318 | 319 | 320 | 321 | 322 | 323 | 324 | 325 | 326 | 327 | 328 | 329 | 330 | 331 | 332 | 333 | 334 | 335 | 336 | 337 | 338 | 339 | 340 | 341 | 342 | 343 | 344 | 345 | 346 | 347 | 348 | 349 | 350 | 351 | 352 | 353 | 354 | 355 | 356 | 357 | 358 | 359 | 360 | 361 | 362 | 363 | 364 | 365 | 366 | 367 | 368 | 369 | 370 | 371 | 372 | 373 | 374 | 375 | 376 | 377 | 378 | 379 | 380 | 381 | 382 | 383 | 384 | 385 | 386 | 387 | 388 | 389 | 390 | 391 | 392 | 393 | 394 | 395 | 396 | 397 | 398 | 399 | 400 | 401 | 402 | 403 | 404 | 405 | 406 | 407 | 408 | 409 | 410 | 411 | 412 | 413 | 414 | 415 | 416 | 417 | 418 | 419 | 420 | 421 | 422 | 423 | 424 | 425 | 426 | 427 | 428 | 429 | 430 | 431 | 432 | 433 | 434 | 435 | 436 | 437 | 438 | 439 | 440 | 441 | 442 | 443 | 444 | 445 | 446 | 447 | 448 | 449 | 450 | 451 | 452 | 453 | 454 | 455 | 456 | 457 | 458 | 459 | 460 | 461 | 462 | 463 | 464 | 465 | 466 | 467 | 468 | 469 | 470 | 471 | 472 | 473 | 474 | 475 | 476 | 477 | 478 | 479 | 480 | 481 | 482 | 483 | 484 | 485 | 486 | 487 | 488 | 489 | 490 | 491 | 492 | 493 | 494 | 495 | 496 | 497 | 498 | 499 | 500 | 501 | 502 | 503 | 504 | 505 | 506 | 507 | 508 | 509 | 510 | 511 | 512 | 513 | 514 | 515 | 516 | 517 | 518 | 519 | 520 | 521 | 522 | 523 | 524 | 525 | 526 | 527 | 528 | 529 | 530 | 531 | 532 | 533 | 534 | 535 | 536 | 537 | 538 | 539 | 540 | 541 | 542 | 543 | 544 | 545 | 546 | 547 | 548 | 549 | 550 | 551 | 552 | 553 | 554 | 555 | 556 | 557 | 558 | 559 | 560 | 561 | 562 | 563 | 564 | 565 | 566 | 567 | 568 | 569 | 570 | 571 | 572 | 573 | 574 | 575 | 576 | 577 | 578 | 579 | 580 | 581 | 582 | 583 | 584 | 585 | 586 | 587 | 588 | 589 | 590 | 591 | 592 | 593 | 594 | 595 | 596 | 597 | 598 | 599 | 600 | 601 | 602 | 603 | 604 | 605 | 606 | 607 | 608 | 609 | 610 | 611 | 612 | 613 | 614 | 615 | 616 | 617 | 618 | 619 | 620 | 621 | 622 | 623 | 624 | 625 | 626 | 627 | 628 | 629 | 630 | 631 | 632 | 633 | 634 | 635 | 636 | 637 | 638 | 639 | 640 | 641 | 642 | 643 | 644 | 645 | 646 | 647 | 648 | 649 | 650 | 651 | 652 | 653 | 654 | 655 | 656 | 657 | 658 | 659 | 660 | 661 | 662 | 663 | 664 | 665 | 666 | 667 | 668 | 669 | 670 | 671 | 672 | 673 | 674 | 675 | 676 | 677 | 678 | 679 | 680 | 681 | 682 | 683 | 684 | 685 | 686 | 687 | 688 | 689 | 690 | 691 | 692 | 693 | 694 | 695 | 696 | 697 | 698 | 699 | 700 | 701 | 702 | 703 | 704 | 705 | 706 | 707 | 708 | 709 | 710 | 711 | 712 | 713 | 714 | 715 | 716 | 717 | 718 | 719 | 720 | 721 | 722 | 723 | 724 | 725 | 726 | 727 | 728 | 729 | 730 | 731 | 732 | 733 | 734 | 735 | 736 | 737 | 738 | 739 | 740 | 741 | 742 | 743 | 744 | 745 | 746 | 747 | 748 | 749 | 750 | 751 | 752 | 753 | 754 | 755 | 756 | 757 | 758 | 759 | 760 | 761 | 762 | 763 | 764 | 765 | 766 | 767 | 768 | 769 | 770 | 771 | 772 | 773 | 774 | 775 | 776 | 777 | 778 | 779 | 780 | 781 | 782 | 783 | 784 | 785 | 786 | 787 | 788 | 789 | 790 | 791 | 792 | 793 | 794 | 795 | 796 | 797 | 798 | 799 | 800 | 801 | 802 | 803 | 804 | 805 | 806 | 807 | 808 | 809 | 810 | 811 | 812 | 813 | 814 | 815 | 816 | 817 | 818 | 819 | 820 | 821 | 822 | 823 | 824 | 825 | 826 | 827 | 828 | 829 | 830 | 831 | 832 | 833 | 834 | 835 | 836 | 837 | 838 | 839 | 840 | 841 | 842 | 843 | 844 | 845 | 846 | 847 | 848 | 849 | 850 | 851 | 852 | 853 | 854 | 855 | 856 | 857 | 858 | 859 | 860 | 861 | 862 | 863 | 864 | 865 | 866 | 867 | 868 | 869 | 870 | 871 | 872 | 873 | 874 | 875 | 876 | 877 | 878 | 879 | 880 | 881 | 882 | 883 | 884 | 885 | 886 | 887 | 888 | 889 | 890 | 891 | 892 | 893 | 894 | 895 | 896 | 897 | 898 | 899 | 900 | 901 | 902 | 903 | 904 | 905 | 906 | 907 | 908 | 909 | 910 | 911 | 912 | 913 | 914 | 915 | 916 | 917 | 918 | 919 | 920 | 921 | 922 | 923 | 924 | 925 | 926 | 927 | 928 | 929 | 930 | 931 | 932 | 933 | 934 | 935 | 936 | 937 | 938 | 939 | 940 | 941 | 942 | 943 | 944 | 945 | 946 | 947 | 948 | 949 | 950 | 951 | 952 | 953 | 954 | 955 | 956 | 957 | 958 | 959 | 960 | 961 | 962 | 963 | 964 | 965 | 966 | 967 | 968 | 969 | 970 | 971 | 972 | 973 | 974 | 975 | 976 | 977 | 978 | 979 | 980 | 981 | 982 | 983 | 984 | 985 | 986 | 987 | 988 | 989 | 990 | 991 | 992 | 993 | 994 | 995 | 996 | 997 | 998 | 999 | 1000

PART 2: SUMMARY IMPACT ASSESSMENT

| Topic | EEA Bank with a UK branch | Third Country Bank with a UK branch |
|---|--|--|
| ADMINISTRATIVE, COMPLIANCE AND OPERATIONAL REQUIREMENTS Part 2, Section 1 | EEA Banks currently, but will no longer be, able to rely on the passport to provide services from a UK branch after the UK leaves the EU. This will require EEA Banks to establish a UK branch in order to continue to provide services from a UK branch after the UK leaves the EU. | EEA Banks currently, but will no longer be, able to rely on the passport to provide services from a UK branch after the UK leaves the EU. This will require EEA Banks to establish a UK branch in order to continue to provide services from a UK branch after the UK leaves the EU. |
| NEW ASSET-DRIVEN FINANCIAL ACTIVITIES Part 2, Section 2 | EEA Banks currently, but will no longer be, able to rely on the passport to provide services from a UK branch after the UK leaves the EU. This will require EEA Banks to establish a UK branch in order to continue to provide services from a UK branch after the UK leaves the EU. | EEA Banks currently, but will no longer be, able to rely on the passport to provide services from a UK branch after the UK leaves the EU. This will require EEA Banks to establish a UK branch in order to continue to provide services from a UK branch after the UK leaves the EU. |
| OPERATIONAL REQUIREMENTS Part 2, Section 3 | EEA Banks currently, but will no longer be, able to rely on the passport to provide services from a UK branch after the UK leaves the EU. This will require EEA Banks to establish a UK branch in order to continue to provide services from a UK branch after the UK leaves the EU. | EEA Banks currently, but will no longer be, able to rely on the passport to provide services from a UK branch after the UK leaves the EU. This will require EEA Banks to establish a UK branch in order to continue to provide services from a UK branch after the UK leaves the EU. |
| CUSTOMER SERVICE Part 2, Section 4 | EEA Banks currently, but will no longer be, able to rely on the passport to provide services from a UK branch after the UK leaves the EU. This will require EEA Banks to establish a UK branch in order to continue to provide services from a UK branch after the UK leaves the EU. | EEA Banks currently, but will no longer be, able to rely on the passport to provide services from a UK branch after the UK leaves the EU. This will require EEA Banks to establish a UK branch in order to continue to provide services from a UK branch after the UK leaves the EU. |

PART 3: AUTHORISATION CONTINUED

| Topic | Requirement | EEA Bank with a UK branch | Third Country Bank with a UK branch |
|-------------------------------|---|--|--|
| 1. Authorisation | Requirement to obtain a licence to provide services from a UK branch after the UK leaves the EU. This will require EEA Banks to establish a UK branch in order to continue to provide services from a UK branch after the UK leaves the EU. | EEA Banks currently, but will no longer be, able to rely on the passport to provide services from a UK branch after the UK leaves the EU. This will require EEA Banks to establish a UK branch in order to continue to provide services from a UK branch after the UK leaves the EU. | EEA Banks currently, but will no longer be, able to rely on the passport to provide services from a UK branch after the UK leaves the EU. This will require EEA Banks to establish a UK branch in order to continue to provide services from a UK branch after the UK leaves the EU. |
| 2. Ongoing supervision | Requirement to maintain a licence to provide services from a UK branch after the UK leaves the EU. This will require EEA Banks to establish a UK branch in order to continue to provide services from a UK branch after the UK leaves the EU. | EEA Banks currently, but will no longer be, able to rely on the passport to provide services from a UK branch after the UK leaves the EU. This will require EEA Banks to establish a UK branch in order to continue to provide services from a UK branch after the UK leaves the EU. | EEA Banks currently, but will no longer be, able to rely on the passport to provide services from a UK branch after the UK leaves the EU. This will require EEA Banks to establish a UK branch in order to continue to provide services from a UK branch after the UK leaves the EU. |
| 3. Resolution | Requirement to maintain a licence to provide services from a UK branch after the UK leaves the EU. This will require EEA Banks to establish a UK branch in order to continue to provide services from a UK branch after the UK leaves the EU. | EEA Banks currently, but will no longer be, able to rely on the passport to provide services from a UK branch after the UK leaves the EU. This will require EEA Banks to establish a UK branch in order to continue to provide services from a UK branch after the UK leaves the EU. | EEA Banks currently, but will no longer be, able to rely on the passport to provide services from a UK branch after the UK leaves the EU. This will require EEA Banks to establish a UK branch in order to continue to provide services from a UK branch after the UK leaves the EU. |

Colour coding shows impact level

Executive summary highlights main areas of impact

Side by side comparison of treatment of EEA and third country banks

References to legal and regulatory sources

CLIFFORD CHANCE

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