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IRSG PUBLISHES BREXIT 'BLUEPRINT' FOR FREE TRADE AGREEMENT

A group representing the UK's financial and related professional services sector, the International Regulatory Strategy Group (IRSG), has today (26 September) published a new Brexit blueprint for how the UK can continue trading with the EU after leaving the bloc. It is the first report of its kind to seriously assess how trade might continue post-Brexit.

The report, *'A New Basis for Access to EU/UK Financial Services Post-Brexit'*, follows the announcement from the UK Government that Britain will not seek Single Market Membership when it leaves the EU.

The blueprint outlines a bold and ambitious Free Trade Agreement (FTA), introducing a joint dispute resolution body and mechanisms for mutual market access when financial services 'passporting' rights, which allow UK firms to trade freely in the EU Single Market, are lost after Brexit.

The arrangement - which has been drafted in collaboration with international law firm, Hogan Lovells - would be based on regulatory alignment between the UK and EU with both parties working together to implement new global and international standards, replacing existing regulatory frameworks.

This would allow UK financial and professional services firms to operate inside the EU, and EU financial and professional services firms to operate inside the UK, without restriction.

This would be a bespoke agreement that takes the best concepts from existing FTAs but goes far beyond them in scope and ambition.

Chair of the IRSG, Mark Hoban, said:

"Businesses and families across Europe benefit from deep and integrated financial markets: offering lower costs, higher returns and greater choice. If we want to see these benefits continue after a Brexit we need a bold and ambitious agreement on how we continue to access each other's markets.

"Unlike any other country, the UK is looking to secure an agreement from the exact same starting point as the EU and so the UK's new trading relationship with the EU should reflect this unique situation. This should be the foundation of a historic trade deal.

"It's an ambitious plan, but it is one that will benefit the entire continent. If London were to lose its crown as the world's leading financial hub, activity will move to centres such as New York or Singapore – not elsewhere in the EU - and businesses and families would lose the benefits of deep and integrated financial markets.

"We see this report as a viable option that will maintain regulatory coherence and encourage strong trade links that benefit both sides."

Rachel Kent, Partner at Hogan Lovells and Chair of the IRSG workstream, said:

“The starting point for this report is that both the EU and the UK have, in their own ways, expressed the desire to secure future arrangements for free trade in financial services.

“An enhanced FTA as proposed by the report is technically and legally entirely feasible, and would properly form a financial services ‘chapter’ of a wider EU/UK agreement. Indeed, the cross-border supply of financial services under the FTA envisaged by the report, using the parties’ uniquely aligned starting point as a means to develop a detailed and workable template, could be a catalyst for accelerating other discussions.

“The EU has the ability to form such an agreement under existing treaties, and it would, at the very least, constitute the basis for a transitional arrangement, or bridge towards a foreseeable future relationship with the UK.”

The report details several key elements that should be included in the Free Trade Agreement, including:

- **Market access arrangements**
 - Mutual market access on the basis of regulatory alignment and supervisory co-operation;
- **Promoting ongoing alignment**
 - A Forum for Regulatory Alignment, whereby the UK and the EU can work together to implement new global and international standards;
- **Resolving disputes**
 - A dispute resolution body, to determine whether material divergence has taken place, and – if so - the impact that should have on market access.

The full recommendations can be found in the enclosed report.

Culminating months of collaboration from firms based in the UK and across Europe, the report takes into account the needs of financial and professional service firms operating at domestic, European and international level.

The report takes into account the deep integration of businesses across the EU and the realities of the UK no longer being a member of the Single Market.

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Notes-to-Editors

For all media enquiries, please contact:
Millie Allen | Financial Services Media Officer
City of London Corporation
millie.allen@cityoflondon.gov.uk
D: 0207 332 1388
M: 07710 860 886

About the IRSG

The International Regulatory Strategy Group (IRSG) is a practitioner-led group comprising senior leaders from across the UK-based financial and related professional services industry. It is one of the leading cross-sectoral groups in Europe for the industry to discuss and act upon regulatory developments. With an overall goal of promoting sustainable economic growth, the IRSG seeks to identify opportunities for engagement with governments, regulators and European and international institutions to advocate an international framework that will facilitate open and competitive capital markets globally. Its role includes identifying strategic level issues where a cross-sectoral position can add value to existing views.

The IRSG is co-sponsored by the City of London Corporation and TheCityUK.

This is the IRSG's third report looking at the UK's relationship with the EU. Previous reports include: '[Mutual Recognition - a Basis for Market Access after Brexit](#)' and '*The EU's Third Country Regimes and Alternatives to Passporting*'

About Hogan Lovells

Hogan Lovells is a leading global law firm providing business-oriented legal advice and high-quality service across its wide range of practices to clients around the world.

Hogan Lovells has established a Brexit Taskforce of legal experts encompassing every team, practice group, sector and jurisdiction across its global business plus policy, trade and strategic communications experts that engage with trade associations and policy-makers to deliver market-leading analysis of the Brexit process. The Brexit Taskforce provides clients with timely, accurate and comprehensive advice to help them resolve their business issues and its global integrated business approach has established Hogan Lovells as a leading source of Brexit insight for clients and policymakers.

For the latest thinking on Brexit, and further resources on planning for it, visit the dedicated [Brexit Hub](#).

Follow the Brexit Taskforce on Twitter: [@HLBrexit](#) and join in the conversation #Brexiteffect

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