

Issue 6: Lex et Brexit — The Law and Brexit

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Despite a weekend of Brexit brainstorming by the Cabinet at the Prime Minister's country retreat, we are still no closer to understanding the Government's preferred trading model for Brexit Britain.

Meanwhile, many Brexiteers in the Parliament and the Press have pointed to some positive economic data as proof that fears about the economic impact of Brexit were grossly exaggerated. Others point out that uncertainty about the political and regulatory impact of Brexit will eventually take its toll on key sectors of the British economy, including financial services.

In the sixth edition of Lex et Brexit, we take a look at the key features of the "Swiss model" and, in particular, its implications for financial services post-Brexit. Unlike many other areas of the trading relationship, there is no specific bilateral agreement covering financial services between the EU and Switzerland; Switzerland relies almost entirely on the third-country access regimes in existing EU sectoral legislation. Nevertheless, the Swiss model serves to illustrate some of the key benefits and pitfalls of relying on third-country provisions in EU financial services legislation.

We then examine the impact of Brexit on the regulation of the derivatives market under the European Market Infrastructure Regulation ("**EMIR**"). The scope and complexity of this legislation, combined with the importance of London as a global hub for the trading of derivatives, means that it will be critical for the EU and the UK to negotiate appropriate transitional arrangements to allow UK market participants to continue to function under the EMIR framework until suitable "third-country" arrangements can be finalized.

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