



Some Light out of the Brexit Tunnel

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ESMA has announced that the EU27 competent authorities have signed a co-operation agreement with the UK's Financial Conduct Authority. Investment Management Partner Ian Conlon looks at how this significant agreement should, at least, lessen potential disruption for the asset management industry.

[ESMA](#) announced today, 1 February 2019, that the EU27 competent authorities have signed a co-operation agreement with the UK's Financial Conduct Authority ("**FCA**"). This comes as a significant relief to the asset management industry, as it should avoid a cliff edge scenario if the UK leaves the European Union on 29 March 2019 without a withdrawal agreement and no transitional period ("**hard Brexit**").

The news of the co-operation agreements being agreed are significant, as under both the UCITS and AIFM directives, such an agreement must exist between EU member states and third-country regulators (which the UK's FCA will become upon a hard Brexit) to enable managers from that third country manage funds in the relevant EU member state.

The co-operation agreements will also ensure continued close co-operation and information sharing between the FCA and EU27 competent authorities.

Whilst an orderly exit in the form of a withdrawal agreement and transition period remains optimal, these co-operation agreements should at least minimise the potential for disruption for the asset management sector.