

Brexit - A platform to secure Global Growth

There has been much talk on the optimal means for UK businesses to have continued access to the EU investment market post-Brexit. The Prime Minister recently outlined the Government's 12 negotiating objectives so we now know where the UK stands in respect of the key principles that will impact on the savings and investment sector.

TISA's Brexit Steering Committee and working groups are continuing to refine the initial recommendations that we submitted to the Treasury in September. TISA's focus is on the savings and investment market and we are continuing to work collaboratively with other industry bodies and City UK to support the drive to enable the broader financial services sector to present joined-up, consistent recommendations to Government.

Our work at TISA to date has assumed we will not stay in the single market and the Prime Minister's statement in January has now validated our proposals for the savings and investment market – the core of these being:

1. We negotiate with EU for Third Country Equivalence. This is likely to be facilitated through a bespoke third country regime based on mutual recognition. However, a single overriding piece of EU legislation that enforces the application across all EU regulation that impacts the savings and investment market cannot be ruled out. This proposal will not only support the UK but will enable the major EU financial services markets to fully access the UK market. Our proposal here was based on our analysis of the option of staying in the single market and the continuation of passport rights or leaving the single market and having to find an alternative way forward. We believed that while staying in the single market would be ideal outcome it was unlikely that this could be achieved if the UK Government was to meet the aims of controlling migration, bringing back control of law making to the UK and the ability to trade globally.
2. EU professionals and their families should be allowed to continue to stay in the UK and that future skill needs of UK financial services could be met through attracting key skills from the EU.

3. A transitional implementation period should follow the Brexit negotiations. This transitional implementation period would allow business to adapt to the business environment that results from the negotiations.
4. The UK Government should examine the barriers to competition. For example, improving the attractiveness of the UK as a fund domicile for offshore funds and improving the approval process for the forming of new businesses, funds etc.

TISA's proposal is the most likely option for securing on-going access to this crucial EU export investment market and one that generates significant income for HMT to the benefit of UK consumers. Our proposal also supports the seven EU countries with significant investment markets. It should create a win-win negotiation position for the UK and EU.

Looking beyond Brexit TISA has further examined the options for using the above proposals to secure further, global growth for the UK.

Speaking to experts and regulators we have a further proposal that we believe could provide a basis for a post-Brexit platform for the UK investment market growth through opening up a the UK to further global investment business. This global growth proposal sees the further development of the EU Third Country Equivalence regime to become a Global Third Country Equivalence regime. Based on existing EU regulation we could work with the major regulators in countries such HK/ China, India, Singapore and Switzerland to agree a global regime that supports the development of global investment business. This approach supports recent agreements at G20 meetings and will provide a further platform for EU market to further grow in the global investment market – again a potential win-win position for the UK government in their Brexit negotiations.

In addition to the above we also believe the UK Government should build on its proposal to allow UK professionals to work in the UK to improve the current complex and restrictive visa regime for non-EU citizens. UK financial services need access to global professional skills as well as EU skills.

Through our proposals we can see a way forward for the UK Investment market that can use the challenge of Brexit to secure the growth of this key industry sector through expanding our global market opportunities. Leveraging our Brexit negotiation position for global growth will benefit not

only the UK but also the EU and the wider global markets to the benefit of UK and EU citizens.

TISA is gathering additional insight and evidence to support our initial proposals. We are also reviewing these in the light of the Prime Minister's announcement on Brexit negotiations. We are bringing these together in a Brexit Strategic Options paper and will provide a further update to TISA members on progress in the coming weeks.

David Dalton-Brown

Director General

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