
Briefing Note

Opening remarks by Simon Lewis, CEO, AFME, to the House of Lords EU Financial Affairs Sub-Committee evidence session on 18 October 2017

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Thank you for inviting me today. We welcome the committee's inquiry at such an important juncture in the Brexit process. We are only a year away from the deadline set by Michel Barnier for concluding the negotiations to allow for ratification.

The Association for Financial Markets in Europe (AFME) is a pan-European trade group representing a broad array of European and global participants in the wholesale financial markets. Our members include banks with headquarters and operations in the UK, EU27, the US and Asia. Our purpose is to serve as a link between capital markets participants and policymakers in both the UK and EU27.

I would like to make three brief points at the outset:

First, as our most recent report highlights, it is important to understand the potential impact of Brexit on the end-users of financial services, including corporates and SMEs. The process of UK withdrawal from the EU and the forging of a new relationship should seek to ensure that financial services continues to support the real economy and jobs and growth across Europe. This is also consistent with the European Commission's Capital Markets Union project, the aims of which we fully support.

Second, our members need certainty as soon as possible on transitional arrangements. We welcomed the Prime Minister's speech in Florence on the need for an implementation period but clarity is required on the nature and certainty of transition arrangements. Our members need a period of time to bridge and then adapt to future trading arrangements. In the meantime, they are planning for the worst and hoping for the best.

Third, I would like to stress the importance of providing certainty for trade in cross-border financial services. The term of a significant volume of contracts between UK-based banks and EU customers will continue beyond March 2019. We believe that such contracts should be 'grandfathered' to provide certainty to all parties.

Throughout the Brexit process we need to maintain efficient pan-European capital markets because they are vital to delivering sustainable growth and jobs for Europe.

Association for Financial Markets in Europe

London Office: 39th Floor, 25 Canada Square, London E14 5LQ, United Kingdom T: +44 (0)20 3828 2700

Brussels Office: Rue de la Loi 82, 1040 Brussels, Belgium T: +32 (0)2 788 3971

Frankfurt Office: Skyper Villa, Taunusanlage 1, 60329 Frankfurt am Main, Germany T: +49 (0)69 5050 60590

www.afme.eu