

## BESPOKE BREXIT DEAL FOR FINANCIAL SERVICES CHALLENGING

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A former UK Foreign Office official has warned the City's financial services sector that any carving out of a sector-based agreement as part of a post-Brexit trade deal is likely to be seen as 'cherry picking' and unacceptable to the European Union's remaining member states.

In an address to more than 200 financial services practitioners, FTI Consulting's Louise Harvey OBE said the third country regime which allows outside jurisdictions to place financial products into the EU was never intended to deal with an external player the size of London.

"For a situation like Brexit where potentially the majority of all services would come from a country that is not a member state, that is not an attractive option for the EU 27... The only solution that could potentially take into account all those issues and sensitivities would be a bespoke deal for financial services," said Ms Harvey.

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"However, a bespoke financial services trade deal could be considered cherry picking and therefore difficult for the EU 27 to accept as they will want to negotiate a broad, horizontal free trade agreement."

She said such a co-operative framework would need to address supervisory co-operation, even contributions to EU regulatory bodies, on-site inspections, the ability to impose sanctions, data flows and agreement on treatment of cross-border financial activity.

Ms Harvey pointed to the Guernsey financial services sector as having a 'head start' in this regard. It already had third country status, was small but valuable enough to maintain equivalence with EU regulation and could 'offer a welcome status of independence during these uncertain times. You need to blow your trumpet about this,' she said.

The Brussels-based businesswoman told the Aldersgate audience at the Guernsey Funds Masterclass that she did not subscribe to the idea that the EU wanted to punish the UK but added it would be a mistake to think Brexit was primarily about EU economics, rather than politics.

"The UK had a reputation for being the 'awkward squad', but its contribution was also recognized... as a counterweight to the Franco-German alliance and a 'big' member state around which other smaller member states with similar liberal, free market leanings could gather," said Ms Harvey.

As a result, all EU member states now have or are setting up their own Brexit units, and they will be fighting for

the home team, their own countries, as much as the EU collective.

"The view amongst our EU partners was that in light of the current political landscape and crises Europe was facing, the Brits chose a very bad moment to have a collective nervous breakdown about their membership of the EU," she said.

Ms Harvey concluded her keynote speech by saying talk of a rapid UK-US trade deal was premature as 'no amount of flag-waving can or will make up for the sheer technical challenges facing both sides.'

The event, which was titled 'Fundraising in the post-Brexit world' was hosted by Guernsey Finance in conjunction with the [Guernsey Investment Fund Association](#). It was sponsored by [Carey Group](#), [Mourant Ozannes](#), [Ogier](#) and [Trident Trust](#).

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