



## PRESS RELEASE

### **Measures concerning clients of the British Financial Intermediaries operating in Italy related to Brexit contained in Decree Law No. 183 of 31 December 2020**

From 1 January 2021, after the expiry of the transitional period provided for in the EU-UK Withdrawal Agreement, the exit of the United Kingdom from the European Union (Brexit) will have significant impacts on the performance of financial services to clients in the Union by British financial intermediaries. Such intermediaries will have to obtain a new authorisation to continue providing investment services in Italy, in compliance with the national regime for non-EU countries firms<sup>1</sup>.

In 2020, the European and Italian authorities did all efforts to mitigate the possible negative consequences for clients. Consob recommended several times British financial intermediaries to orderly manage the transition to a new regime in connection with Brexit (<http://www.consob.it/web/area-pubblica/brexit-consob>) and, most recently, invited such intermediaries' clients to verify they had received adequate information about the actions taken to manage the said transition ([http://www.consob.it/documents/46180/46181/p\\_release\\_20201112.pdf/f3be7240-f6a0-4a5a-81d8-4c56ab82427f](http://www.consob.it/documents/46180/46181/p_release_20201112.pdf/f3be7240-f6a0-4a5a-81d8-4c56ab82427f)).

Aiming at ensuring an orderly process, Article 22 of Decree Law No. 183 of 31 December 2020 includes specific provisions for safeguarding the clients of the financial intermediaries established in the United Kingdom.

In order to avoid the discontinuation of the investment services provided and to minimise the adverse effects for clients, the Decree foresees that, on condition that they applied, before 31 December 2020, for a new authorisation to operate in Italy, British banks and investment firms may carry on their activities until such time as the authorisation is either granted or refused by the Italian competent authorities<sup>2</sup>, in any case no later than 30 June 2021. During such period the said intermediaries are not allowed neither the opening of new contractual relationships nor the modification of the outstanding ones. The clients of financial intermediaries that operate in Italy through the establishment of branches will be protected both by the Italian compensation scheme and by the Italian alternative dispute resolution system (ACF).

The British financial intermediaries are required to provide the clients with the relevant information on compensation scheme as soon as possible and, in any case, no later than 10 February 2021.

The Decree Law also provides that, in case the authorisation to continue the activities in the Italian territory is refused, British financial intermediaries are compelled to cease such non-authorised activities within a timeframe and in a way that is not detrimental to their clients; they will also have to manage the wind-down of the outstanding contractual relationships in the shortest possible time

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<sup>1</sup> In particular, in the Consob Bulletin (<http://www.consob.it/web/area-pubblica/bollettino>) are published the decisions of authorisation of the British financial intermediaries, along with the specification of the services that these are allowed to perform and the possible inherent operational limitations, also in connection with the types of clients serviced.

<sup>2</sup> The law decree specifies that, after the end of the transitional period, the performance of investment services and activities under the regime of the freedom of providing services by investment firms and banks is forbidden with respect to retail clients (as defined in Article 1, para. 1, point m-*duodecies* of the Consolidated Law on Finance) and to professional clients upon request (as defined in Article 6, para. 2-*quinquies*, point b, and para. 2-*sexies*, point b, of the Consolidated Law on Finance).



and, in any case, no later than three months after the communication of the refusal decision and in compliance with the contractually agreed terms. During the wind-down period, the safeguards stemming from the adherence of the financial intermediaries operating under the right of establishment of branches to the alternative dispute resolution system and to the compensation scheme are also ensured.

In all circumstances, British financial intermediaries providing investment services shall provide to clients adequate information about the consequences of Brexit on the outstanding contractual relationships.

Clients are invited to contact British financial intermediaries, especially if they weren't informed properly, in order to obtain all necessary information concerning the possibility to either continue or cease the contractual relationship with them.

Those financial intermediaries that are compelled to cease their operation in Italy, either because they did not apply to receive an authorisation or because the required authorisation is refused, are due to refund the clients' money, financial instruments and other assets, according to the instructions received by them. It is thus of the utmost importance that the clients provide the British financial intermediaries with all necessary information (*eg.* the account IBAN to receive the foreseen refund).

Clients intending to withdraw from their contracts, or to transfer any such contract to another intermediary authorised to operate in Italy, are again urged to act promptly, in compliance with the legal and contractual provisions (which may require specific procedures to be followed).

Consob is updating the list both of EU investment firms and of third country firms other than banks authorised to operate in Italy from 1 January 2021, also providing adequate evidence - in the specific section of its website (<http://www.consob.it/web/consob-and-its-activities/investment-firms>) - of British investment firms no longer authorised to provide investment services to Italian clients and of those that instead could carry on their activities by virtue of what provided for under Decree Law No. 183 of 31 December 2020.

Clients of banks and insurance companies are invited to look for additional information on the websites of, respectively, the Bank of Italy (<https://www.bancaditalia.it/compiti/stabilita-finanziaria/informazioni-brexite/index.html>) and the Ivass (<https://www.ivass.it/consumatori/azioni-tutela/brexite/index.html>).

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