



**CARNE**



Des Fullam, Global Head of Product at Carne, considers the options available to asset managers who want to ensure continued access to EU markets beyond the transition period ending 31st December 2020.

# PLUS ÇA CHANGE, PLUS C'EST LA MÊME CHOSE

**At 11pm GMT on 31st January, the UK will officially leave the European Union. Initially, little will change from a practical point of view as a transition period will be in place until 31st December 2020, during which free movement of people, goods and services will continue.**

## **What does this mean for Investment Managers**

Many investment managers have triggered their Brexit plans. Some have set up EU management companies with MiFID top-ups to enable continued access to the EU. Others have outsourced the management of AIFs and UCITS to EU 27 management companies which in turn will be able to delegate the portfolio management activity back to UK-based asset managers. This follows a tried and tested route that has been followed by investment managers based in the US, Hong Kong, Canada or other third countries who have appropriate memoranda of understanding in place with EU regulators.





WE CONNECT THE DOTS.

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### UK Temporary Permissions Regime (“TPR”)

For those who have not yet moved, the clock on the transition period is now starting to countdown. The UK Prime Minister has warned that there will be no extension to this period. What access UK investment managers and products will have to the EU market will be determined by the trade talks with the EU. Time is short and many believe only a bare bones trade deal will be possible. Few believe a comprehensive deal on financial services can be ironed out and fewer still believe that passporting of financial services would be included in any such deal.

It is clear then that those who want to ensure continued access to EU markets must take action. It is not too late, but EU substance requirements are significant. Demand for key risk, compliance and investment staff is high, talent has been snapped up by first movers and regulatory approval times can run up to nine months. As a result, many of those who have adopted a ‘wait and see’ approach may prefer to use an outsourced solution, particularly UK AIFMs for whom the expense of setting up a full blown EU operation is not justified by the size of their EU client base.

### UK Market Access

The UK remains a very attractive market for raising capital and many investment managers use EU27 vehicles to access this market. Funds can continue to be passported into the UK until 31st December 2020, as the UK continues to comply with EU law during the transition period. What regime the UK chooses to implement after this transition period will likely be informed by the progress of trade negotiations with the EU.

While many firms and funds have registered under the now ceased Temporary Permissions Regime and adopted a ‘wait and see’ approach, some have started the process of establishing parallel UK funds should UK investors prefer these or the replacement for the passporting regime be unpalatable.

### How Carne can help?

Carne has UCITS and AIFM management companies domiciled and regulated in both Ireland and Luxembourg and an EU MiFID firm which can support investment managers’ continued access to the European market. Carne has also worked with many leading investment managers in supporting the setup of their EU27 management companies.

Carne’s UK ACD can enable investment managers wishing to set up parallel funds in the UK to achieve this in an efficient manner.

Carne’s CORR technology system also enables asset managers to effectively manage their compliance, oversight, risk and reporting obligations across the EU and UK.

**To find out more about Carne’s next generation solutions, contact your Carne Relationship Manager or email any of the Carne contacts below.**

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