

CNBC Interviews Neil Robson on MiFID II and Brexit

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Financial Services partner Neil Robson was featured on CNBC's flagship business breakfast TV show, "Squawk Box," regarding serious implementation gaps among several EU countries with regards to the Markets in Financial Instruments Directive (MiFID II). Neil noted that there are 19 countries, which amounts to nearly 60 percent of the EU, that the European Commission is taking enforcement action against. These countries include the Netherlands, Luxembourg and Belgium, which are considered to be significant financial centers for the EU. "The UK, of course, had everything in place by the 3rd of July [2017]," he added.

Neil indicated that this poses a real issue for cross-border trades, stating, "Basically, the UK is fully compliant. But if you are a FCA or PRA regulated investment firm sitting in here in London, those countries in the EU which are not fully implemented, or failed to implement MiFID II on time, [they] can't prevent us from accessing their markets and engaging with counterparties in their jurisdictions and trading with clients there. What it does mean that firms in those jurisdictions can't necessarily come here and trade with us, because we can't comply [with MiFID II] ourselves in the UK while dealing with someone who is in the 'wild west.'"

In terms of what this means for the UK's position as a leading financial center post-Brexit, Neil believes the strength of UK firms and regulators are too important to the European Securities and Markets Authority (ESMA) to ignore. "The FCA is the biggest markets regulator in the EU. When I checked ESMA's database of new multilateral trading facilities, organized trading facilities, new types of trading venues that MiFID II has boosted in a big way, as well as the regulated markets like the London stock exchange, for example, as well as systematic internalizers, being investment firms which can cross trades for clients within their own books, the UK represents nearly 80 percent of those that have already been notified to ESMA. If the UK is that significant, obviously come March 2019, when we're on our way out of the EU, you take out a huge chunk of not just the markets in the European structure, but you also take out the FCA and the FCA's voice at ESMA and its deep understanding of the markets." ("Lots of Gaps in Implementation of MiFID II Across Europe: Pro," January 5, 2018)

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