



Nathaniel Lalone Talks Delays in EU Equivalence With *Risk.net*

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In an article by *Risk.net*, Financial Markets and Funds partner Nathaniel Lalone shared market reaction to news that the European Commission (EC) will not initiate an assessment to establish equivalence for cross-border trading between EU and UK financial markets before the end of the Brexit transition period. The issue involves a delay in review of article 47 in the Markets in Financial Instruments Regulation (MiFIR), “which allows investment firms in third-country jurisdictions to access clients and counterparties in the whole of the EU market if granted,” also addressed in the revised Markets in Financial Instruments Directive (MiFID II). Nate stated, “They're basically saying, in the short or medium term: 'don't get your hopes up'” that this will be remedied by December 31. He noted that it is in the EC's own interest to grant equivalence to avoid financial stability issues. “Permitting UK investment firms to maintain effectively untrammelled access to the EU wholesale financial markets is a market access issue, which doesn't really go to issues of financial stability. It's also one of the key pieces of leverage on the EU side that it wouldn't be diplomatically smart to give away just yet.”

Nate added that there are likely politics at play, as it the EU will not want to concede too much ground too soon. “Even if the [EC] justifies this is on the basis that the [Investment Firms Regulation] equivalence provisions are still in-flight, I think that's a bit of a red herring. I don't know that they were ever going to actually provide equivalence on article 47 so early because, if they did, there goes all of the EU's leverage in terms of market access.” (“[No MiFID equivalence for UK at end of Brexit transition](#),” July 21, 2020)

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