

December 7, 2018

Brexit Update: What You Need to Know About the UK Parliamentary Vote

The Brexit endgame has begun.

Next week, the UK Parliament is scheduled to vote on the agreement on the withdrawal of the United Kingdom from the European Union (Agreement) and its accompanying political declaration (Declaration).

Katten expects that, whatever the result of the UK Parliamentary vote, events will be fast-moving in the coming weeks and urgent questions will arise that require sound advice from experienced outside counsel. We are therefore pleased to announce the launch of the “Katten Client Helpline” for Brexit inquiries (see below).

UK Parliamentary Vote

The UK House of Commons has commenced debate on the Agreement and Declaration, with a vote expected to take place next

Tuesday, 11 December 2018. Passage would conclude the UK’s ratification process, which would then move to the European Parliament and Council for final approval. The Agreement—if ratified—would allow for a standstill transition period in the UK’s existing relationship to the EU until the end of December 2020, with the potential for a short extension.

However, successful passage is not assured. The Agreement and Declaration have been the subject of intense, and often emotional, debate both between and within the major UK political parties. If the vote were to fail for any reason, it would halt the ratification process with potentially far-reaching consequences. Possibilities include: an attempt to renegotiate with the EU27; a vote of no-confidence in the government; the resignation of UK Prime Minister Theresa May; a general election; or the calling of a new referendum. The failure to reach any negotiated agreement with the EU27 could lead the UK to “crash out” of the EU after 29 March 2019 in a so-called “Hard Brexit”. Although it is reported that the UK intends to introduce a temporary permissions regime (TPR) for EU27 entities currently conducting regulated activities in the UK through a passport, there are affirmative actions that EU27 firms will need to take to be able to ensure reliance upon the TPR.

The Withdrawal Documents

The Agreement and Declaration, while linked together, serve very different purposes. The Agreement is effectively “backward-looking” and intended to address severing the UK’s current membership of the EU via a legally-binding treaty text. By contrast, the Political Declaration is “forward-looking” and is meant to sketch out, in a non-binding way, the ambitions of what the future relationship between an independent UK and the remaining 27 EU Member States (EU27) would look like. The text of the Withdrawal Documents is available on a dedicated UK Government [website](#).

To reach the Katten Client Helpline, email brexit@kattenlaw.com or call +44 (0) 20 7776 7667.

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Katten Client Helpline

Katten has been actively involved in advising its European and non-European clients in preparing for the consequences of Brexit, including, among others:

- restructuring of UK/EU27 and trans-Atlantic trading and clearing relationships;
- establishing regulated presences by UK firms in the EU27;
- establishing regulated and unregulated presences by EU27 firms in the UK;
- advising on the applicability of the UK Overseas Person Exemption to EU27 firms;
- advising on the continuation of contracts under English law;
- assessing implications of Brexit on regulatory capital and structuring businesses to achieve capital efficiency; and
- assisting clients with ‘repapering’ client agreements and a delegation of certain functions back to the UK regulated institution.

In light of the upcoming UK Parliamentary vote, and the impact its passage (or failure) will have on the nature of the UK’s post-Brexit relationship to the EU27, Katten Muchin Rosenman UK LLP is establishing a “Katten Client Helpline” through which its London-based Financial Services team will be standing ready to counsel Katten’s clients on the Brexit-related consequences for firms’ financial services business in the UK and the EU, whatever the outcome of the UK Parliamentary vote.

The Katten Client Helpline, available by email at brexit@kattenlaw.com and by phone at +44 (0) 20 7776 7667, will open the day following the UK Parliamentary vote and will remain active in the days and weeks that follow.

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