

Studio Legale Crocenzi e Associati

Via Canova, 1
CH - 6900 Lugano
Tel. +41 91 970 2718 | Fax +41 91 970 2720

Via Monte di Pietà, 21
I - 00121 Milano
Tel. +39 02 8633 7317 | Fax +39 02 8633 7431

info@crocenzilex.com
crocenzifp@crocenzilex.com

Italian Regulatory Update¹

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To: Primary contacts

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Re: **BREXIT BREAKING NEWS** – Italy will continue to allow until December 31, 2020 the mutual recognition to the UK financial intermediaries operating in Italy through a local branch or the freedom to provide services

I **The Communication of the Italian Ministry of Economy and Finance no 19 of January 31, 2020**

Through its Communication (“*Comunicato*”) no 19 of January 31, 2020, the Italian Ministry of Economy and Finance (“MEF”) ruled that the Transition Period ending on December 31, 2020, provided in the EU/UK Deal for the exit of the UK from the EU, should be construed as a period during which the mutual recognition to the UK regulated companies (such as banks, MiFID firms, ManCo, managers of financial markets infrastructures and other financial intermediaries) operating in Italy through a branch or the freedom to provide services will continue to be allowed.

The *Comunicato* is very important because it avoids a situation of legal uncertainty.

Indeed, on the one side the Italian Law Decree no 22 of 2019 (see our Newsletters 2019 03 and 2019 04) – which expressly allowed to the UK financial intermediaries a 18 months transition period after Brexit – was only applicable to the “No-deal

¹ **IMPORTANT INFORMATION** This memorandum is not given in performance of a professional engagement during an attorney-client relationship and is only given for a general information to the reader regarding the matters discussed herein. Therefore, this document should not be relied upon as a legal opinion and no action should be taken on the basis of the information herein contained. © 2020 Francesco Paolo Crocenzi

Brexit", as also stated by the MEF in the *Comunicato*, and, on the other side, the Deal between the EU and the UK doesn't expressly mention the continuation of the "mutual recognition" to the UK companies, simply because they became non-EU entities on February 1, 2020, as also stated by the EU Commission in the "Questions and Answers on the United Kingdom's withdrawal from the European Union on 31 January 2020, published by the Commission on January 24, 2020.

Thus, the current IMA of English MiFID companies with Italian clients will continue to be valid and lawful until December 31, 2020 (unless the Transition Period provided by the Deal is renewed); before that time, the UK intermediaries should obtain the authorisations required by the Italian law for the non-EU financial intermediaries in order to be able to continue servicing Italian clients in their new status of non-EU intermediaries also after the end of the Transition Period.

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We remain at disposal for any clarification.

Best regards

STUDIO LEGALE CROCENZI E ASSOCIATI

Francesco P Crocenzi