

Brexit – a supervisory outlook how to mitigate risks

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Brexit – potential cliff effects

(non-exhaustive enumeration)

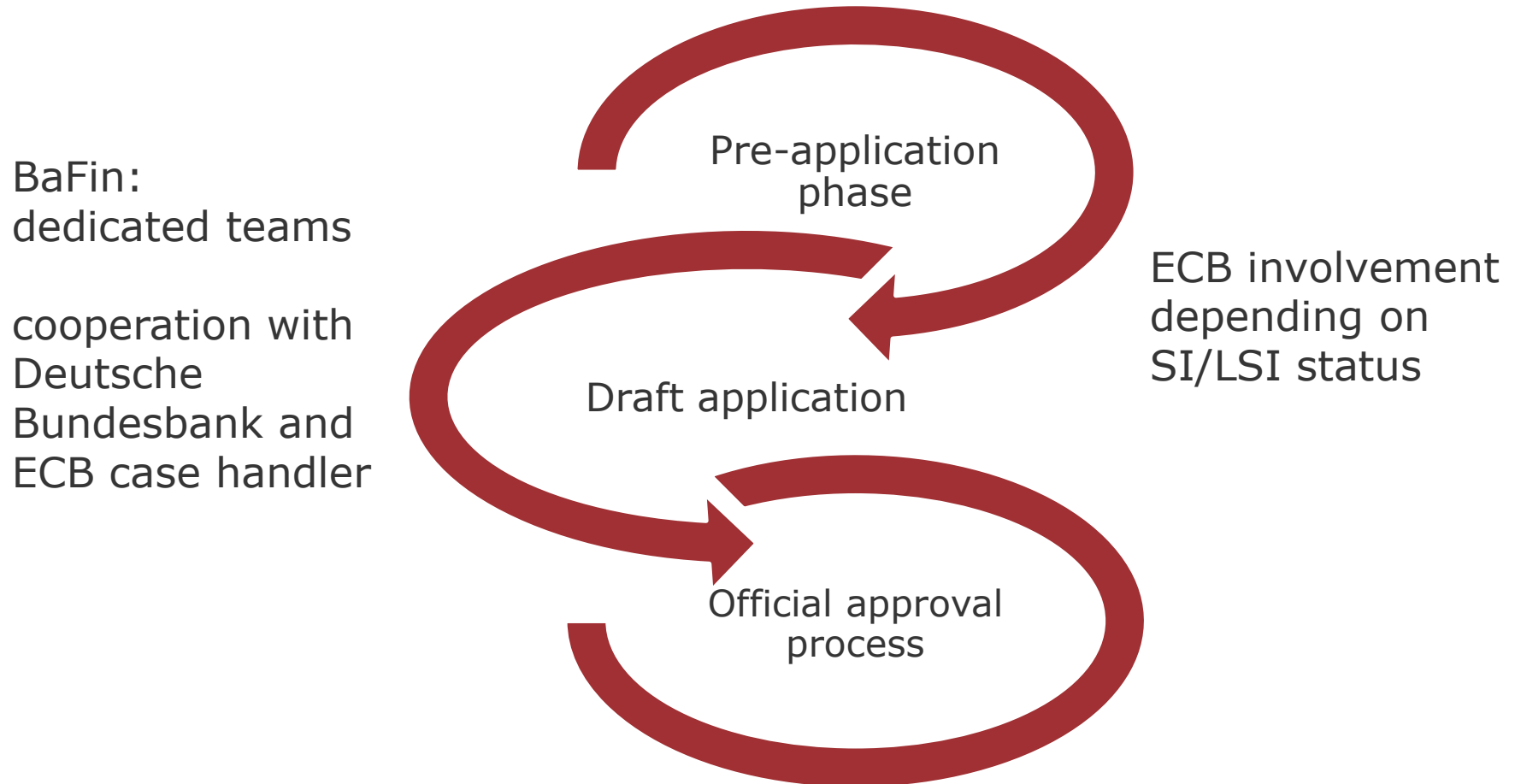
- **Financial Market Infrastructure**
(Securities settlement systems; Central counterparties (CCP))
- **Contract continuity**
derivative contracts ... insurance contracts
- **Equivalence**
...financial regulation ... data protection
...risk weighting ...cover funds for mortgage Pfandbriefe ...
- **Market access**
insurer, mutual funds, payment services, banks

3 key questions...

- How can we avoid arbitrage?
- How can banks/competent authority achieve finalization of approval processes in time?
- What are the operating models / governance arrangements we want to be in place in which time?

Authorisation is an SSM common procedure

Quasi-licensing if change of business model / scope



Frequent issues of discussion

No letterbox

- Adequate management & control functions
- staffing

Booking model

- Remote booking
- Intragroup back-to-back hedging
- Split hedging

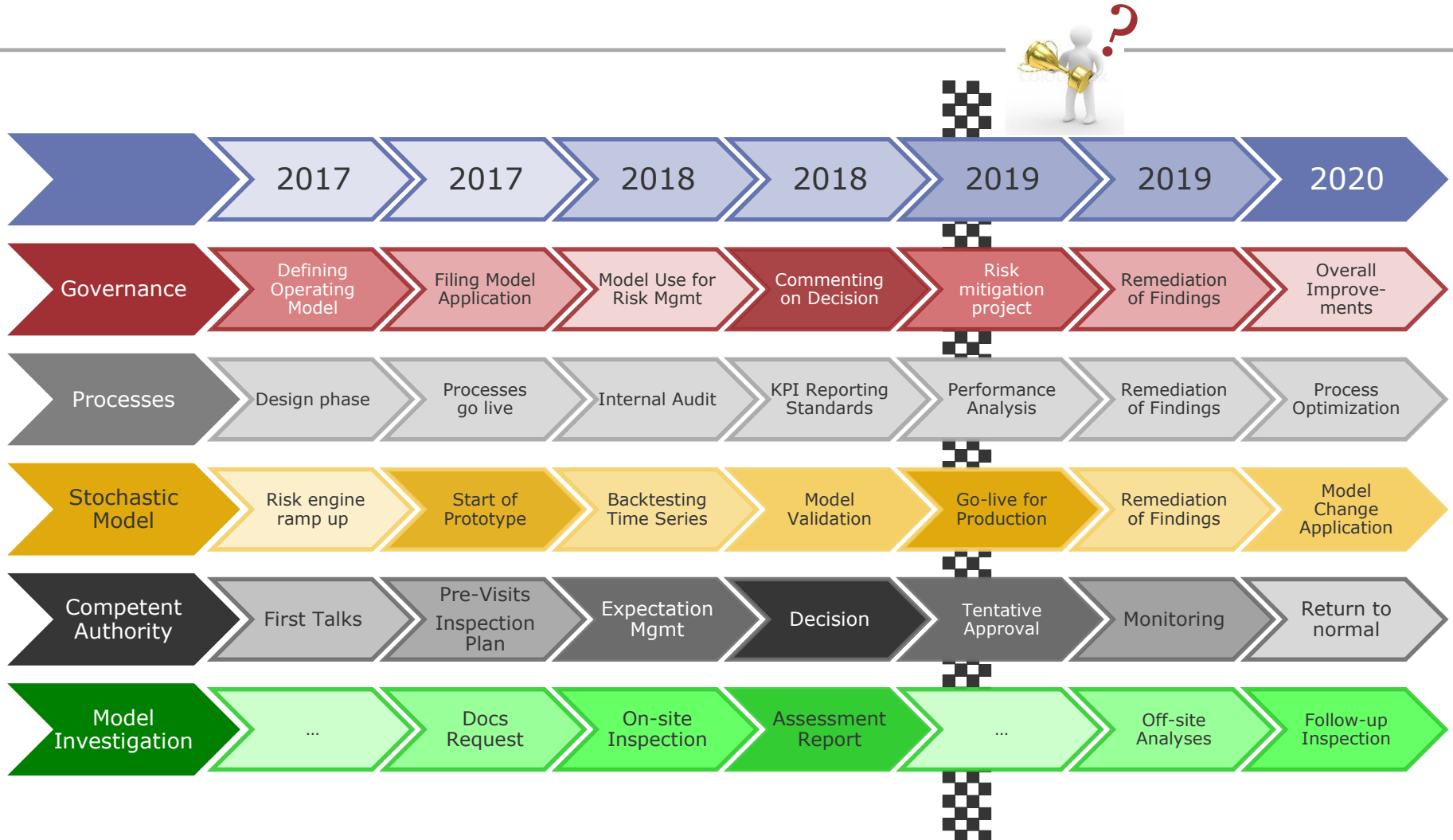
Dual hatting

- Cross border
- Domestic

3rd country branch in UK

- Passporting back to EU 27?
- Providing service functions

Internal Models: Timing the Approval Process to the Brexit



The greatest challenge to any thinker
is stating the problem in a way
that will allow a solution.

(Bertrand Russell 1872-1970)