

Financial Services Industry Slowly Abandons Britain Ahead of Brexit

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The EU is London's biggest customer when it comes to financial services with exports worth £26 billion in profits. As the EU and Britain failed to agree a deal, the industry's hopes of largely unfettered access to the bloc, banks began moving around a trillion pounds of assets from London to new EU hubs, while trading worth around €240bn a day in eurozone government bonds has moved to Milan and Amsterdam.

The EU's markets watchdog has ruled that under a no-deal Brexit, euro shares must be traded inside the bloc, a signal that Brussels may want to deepen its own capital markets union by being tougher in granting equivalence (whereby the EU deems Britain's financial markets rules to be aligned closely enough to its own). The result - three UK-based pan-European platforms in London, Aquis, Turquoise and Cboe have already opened hubs in Amsterdam and Paris for EU customers to trade shares listed on other exchanges.

A report by a London based think tank that focuses on capital markets has published the most comprehensive analysis yet of the impact of Brexit on the banking and finance industry in London. It has determined that more than [250 firms in banking and finance have moved](#) or are moving business, staff, assets or legal entities away from the UK to the EU - and these numbers are likely to increase significantly in the near future. In total, it also agrees that approximately £1 trillion of assets have already been relocated - with more expected.

The list below is not exhaustive by any means and probably only represents about a quarter of 2018 and early 2019 reports of financial services businesses moving their operations out of the UK ahead of Brexit. Banks, insurers, brokers, gold traders, investors, advisors and asset managers have lost faith and made their move as a no-deal Brexit could cause chaos for trading conditions or client defections.

- London Stock Exchange is moving its European government bond trading platform (MTS Cash) from London to Italy, effective 1 March 2019. 20% of its 13.4 billion euros worth of daily trade will shift to Milan. (source - [Reuters](#))
- Aviva, the huge insurance company, is moving £9 billion in client assets from the UK to Ireland. It gained legal approval for the transfer on 19 February and expects it to be effective on 29 March 2019 ([source](#))
- M&G Investments is transferring a number of its investment funds totalling over £30 billion in assets from the UK to Luxembourg, including its £19.4 billion M&G Optimal Income fund (formerly the largest fund in the UK) ([source](#))
- Marshall Wace, one of the biggest hedge funds in the UK, has obtained a license to run management companies in Ireland & plans to grow its Dublin presence as

- a protective measure against Brexit. (source - [CityAM](#))
- Legal and General Investment Management has received regulatory approval for a new Dublin-based business unit in readiness for Brexit to manage euro-clients ([source](#))
 - XL Insurance Company SE (a company writing over £2 billion/year in insurance premiums) is moved from the UK to Ireland in January 2019 due to Brexit (source - [companies house](#))
 - A major financial firm, CME Group's BrokerTec, is leaving London for Amsterdam because of Brexit, taking its \$240 billion/day repo market with it. (source - [Bloomberg](#))
 - Nomura is moving about 100 staff to a new Frankfurt office to use as a new trading hub servicing EU clients post-Brexit. They expect the move to be completed in early 2019 ([source](#))
 - GoldCore opened Ireland's first institutional-grade gold storage vault in October 2018, anticipating investors will want to move gold bars from London to Dublin. \$300 billion of gold bars held in London (source - [IrishTimes](#))
 - Sumitomo Mitsui Financial Group has obtained approval from the ECB to establish a banking subsidiary in Frankfurt as part of its preparations for a no-deal Brexit. It intends the subsidiary to commence operations in 2019 ([source](#))
 - Prior to 2016, fewer than 50 solicitors from England and Wales were also registered in the Republic of Ireland. Since the Brexit referendum, the number registered in Ireland has risen to over 2,000 (11% of named solicitors) ([source](#))
 - Independent insurance firm Robus Group opened a new office in San Gwann in Malta to be able to offer British clients access to the EU27 after Brexit ([source](#))
 - A.M. Best, the specialist insurance sector rating agency, established a new office in Amsterdam to be able to continue to provide ratings to be used for regulatory purposes post-Brexit ([source](#))
 - TP ICAP, the world's biggest interdealer broker, said its full-year earnings would be hurt by additional costs of about £10 million related to Brexit. It has chosen Paris as its EU headquarters post-Brexit ([source](#))
 - Ferrovial (largest shareholder in Heathrow, owns Aberdeen, Glasgow & Southampton airports) is moving HQ from Oxford to Amsterdam due to Brexit (source - [BBC](#))
 - Steris PLC, a company with \$2.6 billion in annual revenue, has redomiciled its HQ from the UK to Ireland due to Brexit ([source](#))
 - France's top banks move 500 jobs out of London due to Brexit. (source - [financemagnates](#))
 - Liberty Specialty Markets is moves its insurance company from the UK to Luxembourg (source - [libertymarkets](#))
 - STM Life moves part of its business from Gibraltar to Malta to guard against the effects of Brexit (source - [international investment](#))
 - AIG operates in Europe through a single legal entity established in the UK (with branches across Europe). They are restructuring their business because of Brexit, and moving all non-UK business to a Luxembourg entity ([source](#))
 - Credit Suisse is moving 250 jobs to Germany, Madrid and elsewhere in the EU27, including Luxembourg ([source](#))
 - JPMorgan has secured additional office space in Paris to accommodate up to 200 staff from London due to no-deal Brexit (source - [Reuters](#))
 - Barclays has moved €190bn (£166bn) of assets to Dublin because it "cannot wait any longer" to implement its Brexit contingency plan (source [BBC](#))

- Columbia Threadneedle has transferred the assets of European clients currently in its range of UK domiciled funds into the equivalent Sicav products domiciled in Luxembourg (source - [FT](#))
- Lloyd's, the insurance and reinsurance market, officially opened Lloyd's Brussels, its post-Brexit headquarters in the European Union (source - [Insurancejournal](#))
- Swissquote abandons plans to buy a bank in London and moves to Luxembourg due to Brexit (Source - [Reuters](#))
- Bank of America spends £400 million setting up Paris and Dublin units ahead of Brexit (source - [RTE -Ireland](#))
- HSBC has - has shifted ownership of its Polish and Irish subsidiaries from its London-based entity to its French unit, and will do so for seven more European branches (source - [Reuters](#))
- Deutsche Bank moved about half its new euro swaps business away from LCH (UK-based clearing house) and onto Eurex (based in Germany) (source - [risk.net](#))
- Daiwa Capital Markets established a new subsidiary in Frankfurt on 3rd September 2018 "so that Daiwa can continue to provide a full service to its EU-based clients post-Brexit. (source - [UKDaiwa](#))
- Tokio Marine Group is using a "Part VII transfer" to redomicile business from two UK-based subsidiaries (Tokio Marine Kiln Insurance Limited, and HCC International Insurance Company Plc) to a Luxembourg entity ([source](#))

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