

McLagan Alert

UK Decides to Leave the EU

May 27, 2016

On 23 June the UK voted to leave the European Union (EU). This historic decision is creating near-term volatility in the capital markets, but it is important to note that the full impact of this decision for the UK and European financial services sector will unfold over a period of at least two years as the UK negotiates the terms of the exit.

In particular, it is worth noting that at this early stage there is currently no change to the application of pay regulation for UK or European firms. The FCA has today issued a communication highlighting the following points:

- Much financial regulation currently applicable in the UK derives from EU legislation.
- This regulation will remain applicable until any changes are made, which will be a matter for Government and Parliament.
- Firms must continue to abide by their obligations under UK law, including those derived from EU law.
- Firms must continue with implementation plans for legislation that is still to come into effect.
- The longer term impacts of the decision to leave the EU on the overall regulatory framework for the UK will depend, in part, on the relationship that the UK seeks with the EU in the future.

While there will be significant commentary and speculation on the impact of Brexit in the days to come, it will likely be some time before we have a clear picture of the actual implications, especially as it relates to the UK and European financial services talent markets. We will continue to monitor the situation as it progresses and will provide updates on important developments. In the interim, I have included a link to an article we recently published on our thought leadership platform, [TheOneBrief](#), which outlines four key issues that we believe firms should be closely watching as we move forward.

Please do contact **Joel Davies** or your usual McLagan contact if you would like to discuss in more detail.

How you can respond

For direct consultation on further implications, please contact us.

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