



Sam Woods

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Dear CEO / branch manager

Firms' preparations for the UK's withdrawal from the European Union: update following March 2018 European Council

1. My letter of 20 December 2017 set out the PRA's views on the planning assumptions that banks, insurers and designated investment firms conducting cross-border activities between the UK and the rest of the European Union (EU) should adopt in their preparations for the UK's withdrawal from the EU. This letter sets out the position following the outcome of last week's EU Council.
2. The Bank of England welcomes the agreement between the UK and EU27 that there should be an implementation period until the end of 2020 as part of the UK's Withdrawal Agreement with the EU. The foundation of the Bank of England's approach to preparations for EU withdrawal remains the presumption that there will continue to be a high degree of supervisory cooperation between the UK and the EU.
3. The Bank has made clear that it would be difficult, ahead of March 2019, for all financial institutions to have completed all of the necessary steps required to mitigate the risks to the provision of financial services in the EU and the UK.
4. The Government has committed to bring forward legislation, if necessary, to create a temporary permissions regime to allow relevant firms to continue their activities in the UK for a limited period after withdrawal. In the unlikely event that the Withdrawal Agreement is not ratified, this provides confidence that a back-stop will be available.
5. In light of this, firms may plan on the assumption that PRA authorisation will only be needed by the end of the implementation period. Firms should consider how best to make use of the additional time provided by the implementation period in their planning.
6. The PRA will continue to work closely with firms and will provide guidance on the timing of their applications in the light of firms' individual circumstances, in the context of any relevant developments in the political process, and with a view to making the process run as smoothly as possible.
7. Today we are also publishing the final Supervisory Statements on the PRA's approach to international branches of banks¹ and insurers² respectively.

Yours sincerely

Sam Woods
Deputy Governor and CEO, Prudential Regulation Authority

¹ [SS1/18 'International banks: the Prudential Regulation Authority's approach to branch authorisation and supervision'](#)

² [SS2/18 'International insurers: the Prudential Regulation Authority's approach to branch authorisation and supervision'](#)