

VIDEO

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Focus on Funds: Global Funds Adjust to Brexit Uncertainty

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Amid questions over the United Kingdom's plans to exit the European Union, global funds are adjusting to a post-Brexit world. In the June 7, 2019, edition of *Focus on Funds*, Sean Tuffy, head of market and regulatory intelligence for Citi's Custody & Fund Services, touches on the key developments for funds and their investors.

Transcript

Stephanie Ortvals-Tibbs, ICI director of media relations: No matter what you do or where you work in the fund industry, what do you need to know about Brexit and its implications for funds everywhere? Recently, I got the latest update on what's going on and how it affects the fund industry.

Sean Tuffy, Citi Custody & Fund Services head of market and regulatory intelligence: The details are constantly changing, so it's kind of hard to pin them down. But when you look over between now and October, really the most substantive thing that needs to happen is that the UK needs to agree on the withdrawal agreement with the EU. And then they can trigger the meeting the European Union. So that's the big thing that needs to happen. And that's the thing that couldn't get done ahead of the March deadline and why we have the extension.

Ortvals-Tibbs: And it has a Halloween deadline?

Tuffy: Well, you know, it's a scary thing!

Ortvals-Tibbs: Sean, some people might say, "Well, I don't particularly care about British politics or European politics, but I need to care about this because I'm in the fund industry and it's...?"

Tuffy: Leaving the politics of Brexit aside, it's important to the fund industry because it's going to really reshape the asset management landscape in Europe. And so what a lot of asset managers have been doing in the runup to Brexit is preparing to make sure they can continue to operate through European funds post-Brexit. So what this has meant for a lot of

managers is establishing new or enhancing their substance within remaining EU member states. And that's sort of been the short-term objective for the last couple of years.

And then on the longer time horizon for the fund industry, there are some really interesting things that need to be tracked. So the first is: how does the UK's exit impact future EU policymaking? The UK's been a big advocate of asset management, and they'll no longer be at the table when the EU creates new rule sets, which we expect to start happening again in the fall.

And the other issue is: what does it mean for distribution? So right now, many asset managers sell their Irish or Luxembourg funds into the UK; these are part of the EU single market. However, in the future, the UK will not be part of the EU single market, and there's an open question whether they'll be allowed to continue to sell those funds into the UK—or are they going to have to look to set up UK funds for UK investors?

Additional Resources

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- Speech: [The Role of Investment Funds in the Global Economy](#)
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