



LEADING TREASURY
PROFESSIONALS

ACT breakfast briefing:

Brexit - the corporate perspective

Wednesday 25 April 2018

Hosted by:



FALCON
GROUP





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Chair's opening remarks

Michelle Price AMCT

Associate Director, Policy & Technical
ACT



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The political trajectory ahead

John Rowland

Executive Director

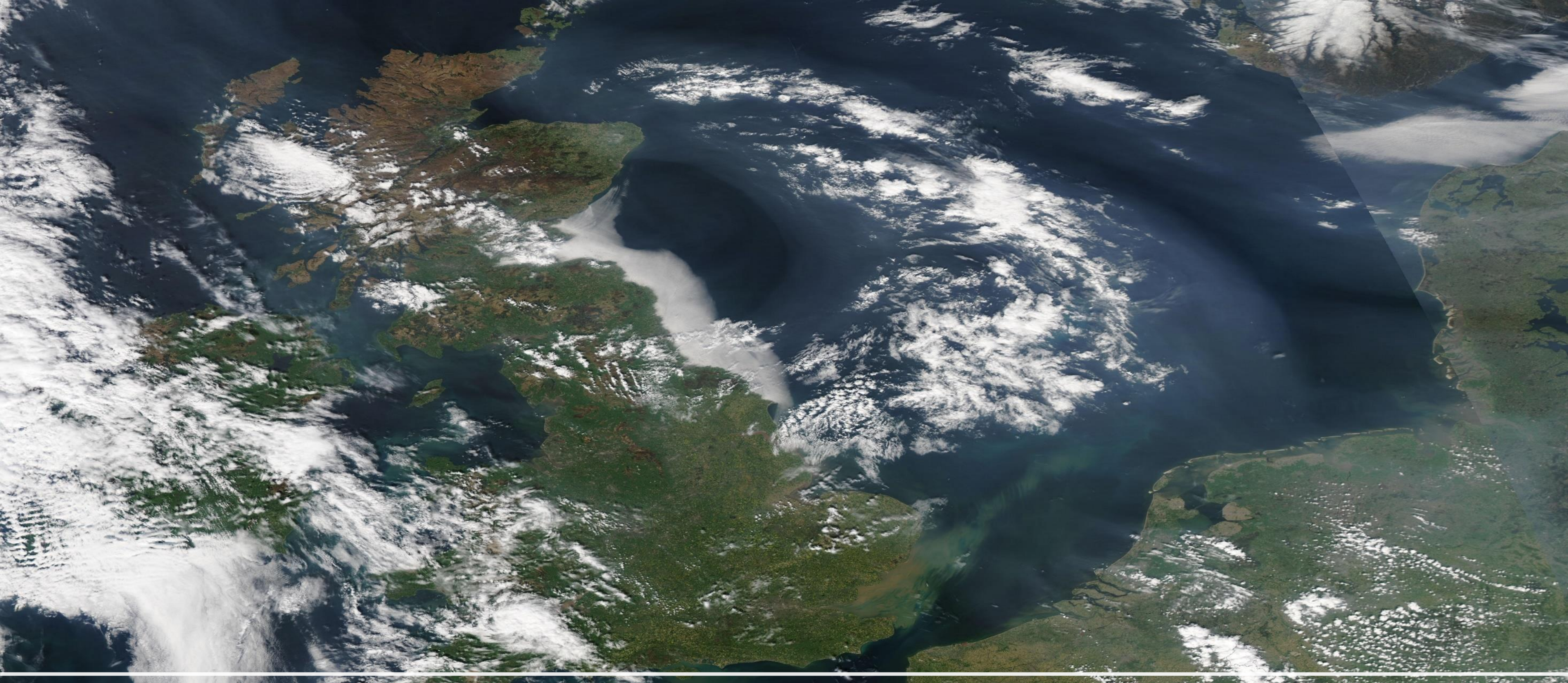
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Brexit: The political trajectory



Less than a year to go

Long shadow of June 2017



Divided
Cabinet



'Mutineers'
– 12 + (up
to 50?)



European
Research Group
– 62 MPs



DUP – 10 MPs
– propping-up
Government



Sinn Féin – 7
MPs – could
they take seats?

Who governs?

- Tory truce being tested once again
- Question now, as always: Does PM have the votes?
- What happens after March 2019?



Corbyn moves to exploit weakness on CU

- Corbyn backs 'a customs union' – a dividing line with Government. Labour will back Tory rebels
- **BUT remember he is still offering a hard Brexit**
- Believes the Government will fall and he will enter Number 10





Withdrawal Agreement

Issue	Status
Transitional period	Agreed
Citizens' rights	Agreed
Financial settlement	Agreed
Northern Ireland	No agreement
	Agreed: Common Travel Area
Safeguards	Political agreement
State aid	Political agreement
Settlement of disputes	No agreement
Joint committee supervising the application of the Withdrawal Agreement	Agreed
Data protection	No agreement

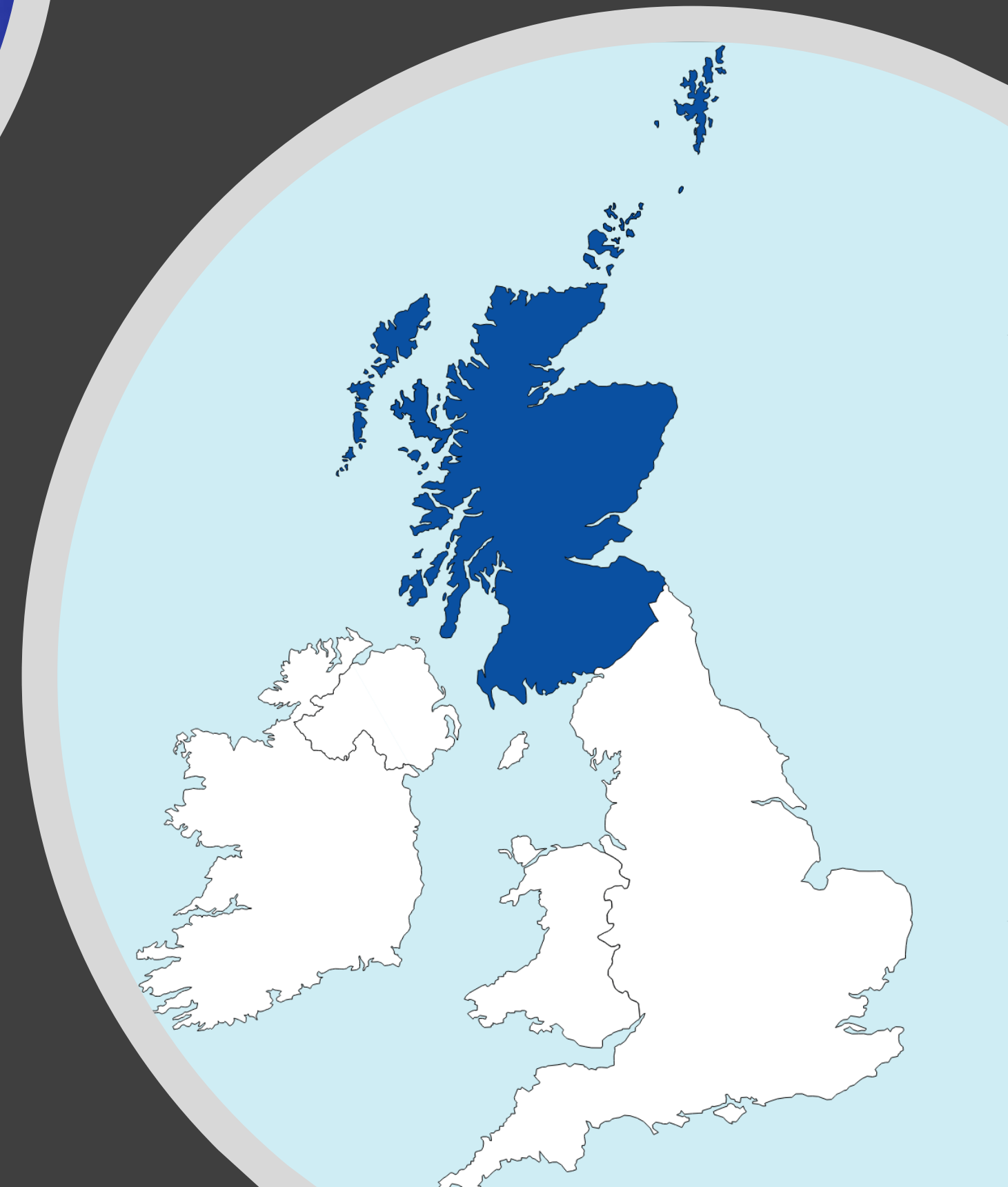


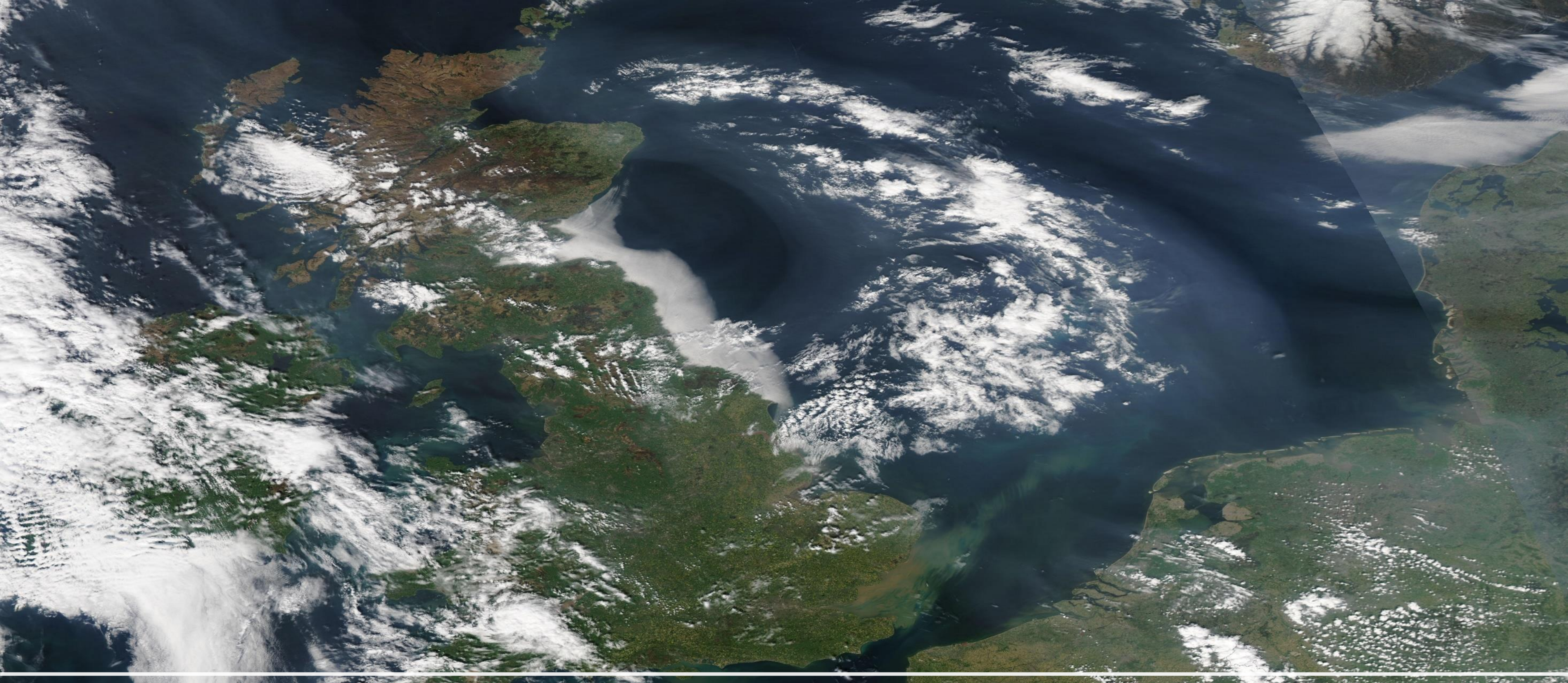
Member States hold the line (so far)



Scotland: devolved powers and Independence

- Legislative Consent Motion from Scottish Parliament is required on Withdrawal Bill
- Serious negotiation about powers of Scottish Government post-Brexit
- Indy Ref 2.0?





Future relationship



UK, meet the politics of
trade...

Future relationship: Mansion House

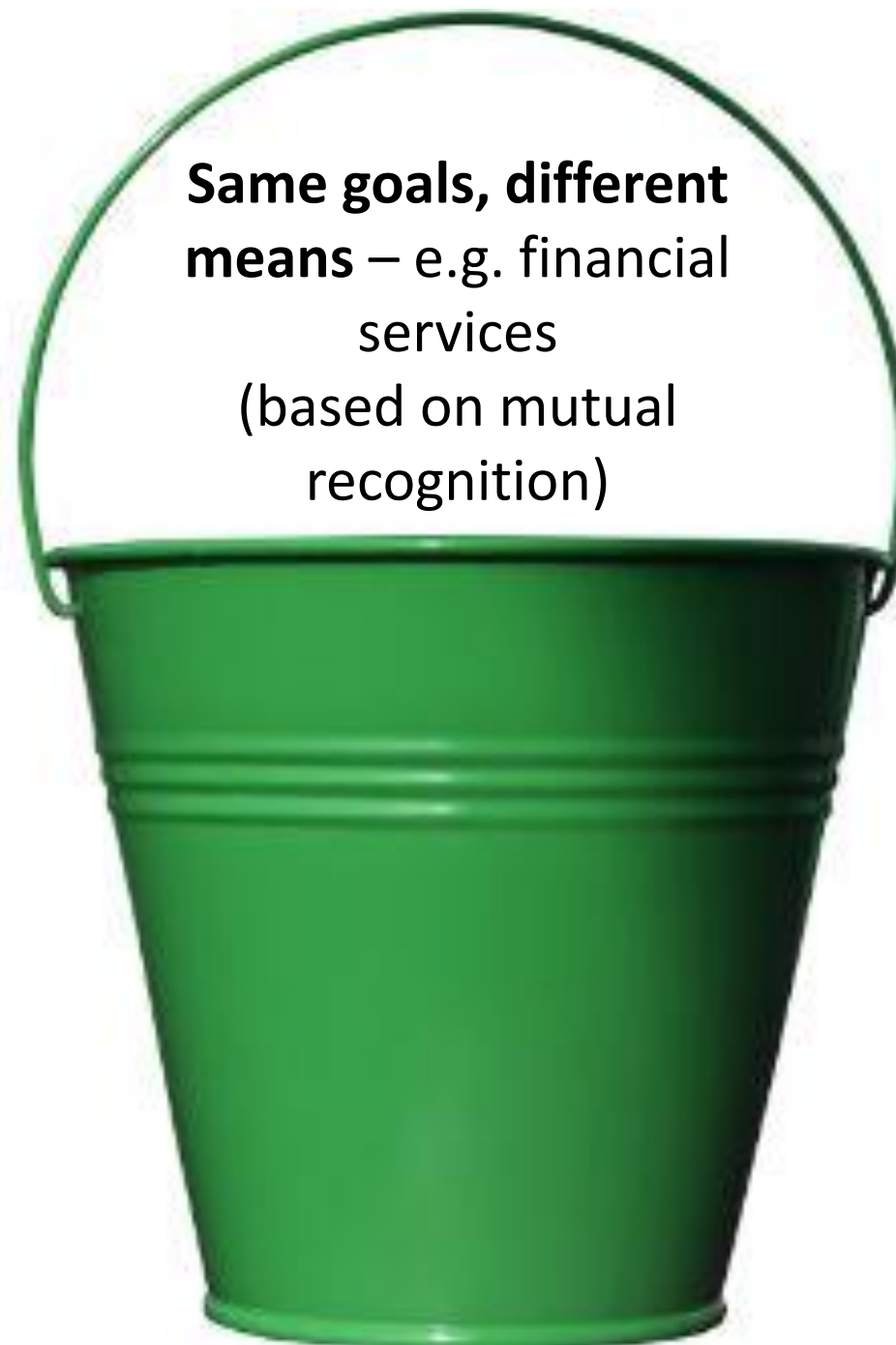
- No membership of formal customs union with EU – UK **must** have independent trade policy
- Bespoke relationship based on 'three buckets approach'
- Three tests – control over:
 - Borders
 - Laws
 - Money



Future relationship - HM Government '3 buckets'



Same goals, same means
AKA full alignment – e.g.
aviation and medicines.
(EU rules and agencies)



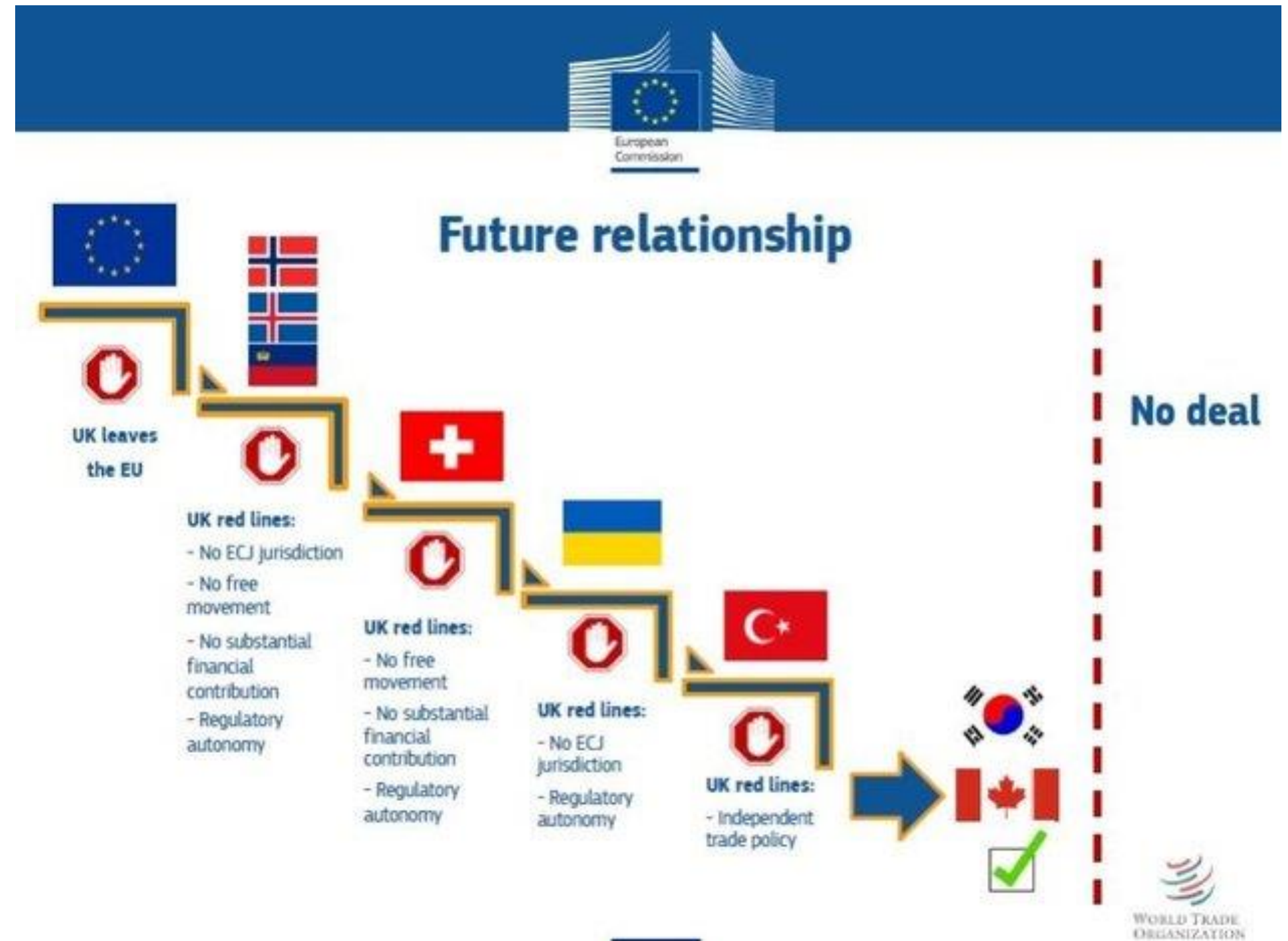
Same goals, different means – e.g. financial services
(based on mutual recognition)



Different goals, different means – e.g. driverless cars, robotics
(UK does its own thing)

Commission says
choice for UK is
Canada or WTO

(but does Canada
include +++?)

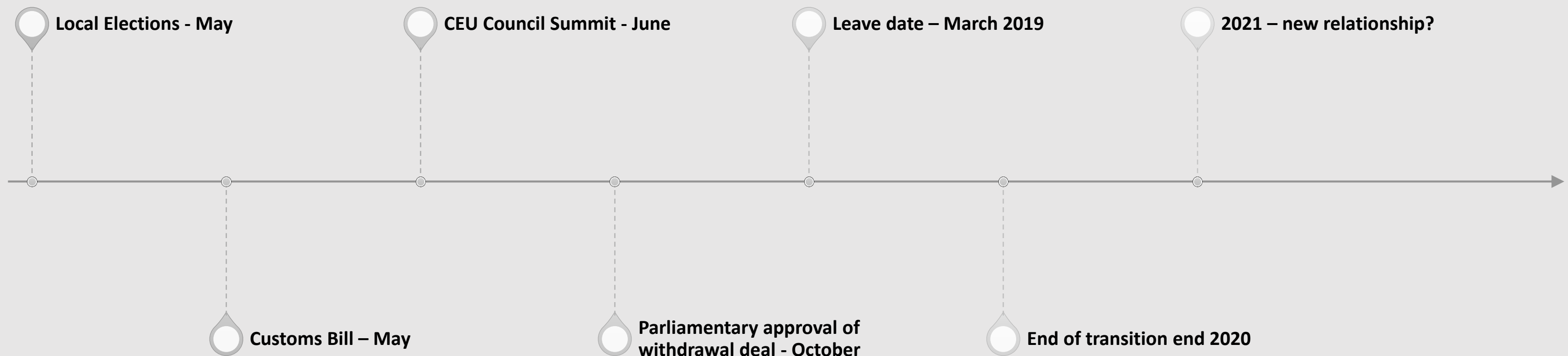


Overview of EU guidelines on future relationship

- 'Ambitious' Free-Trade Agreement. Zero tariffs on goods and no quotas
- Rules on data, close cooperation on law enforcement, juridical issues, foreign affairs, defence and security policies
- Request for UK to align with international standards to ensure a level playing field on competition, tax, state aid, social, environment, and regulatory standards.
- **Limited reference to financial services;** future framework should "safeguard financial stability"



Moments to watch out for (potential market volatility?)



Progressive Alliance

Water down May red lines to remain more closely aligned with EU. Jeremy Corbyn has committed to formal customs deal with EU.

Tory Compromise: Mansion House

Seek bespoke future relationship: Three Buckets Approach anticipates UK following EU rules in some areas. UK must be able to have an independent trade policy.

Single Market Membership

Leave EU, remain in EEA. Requires UK u-turn on FoM (or change to EEA FoM rules). No FTA required.

Bo-rexit

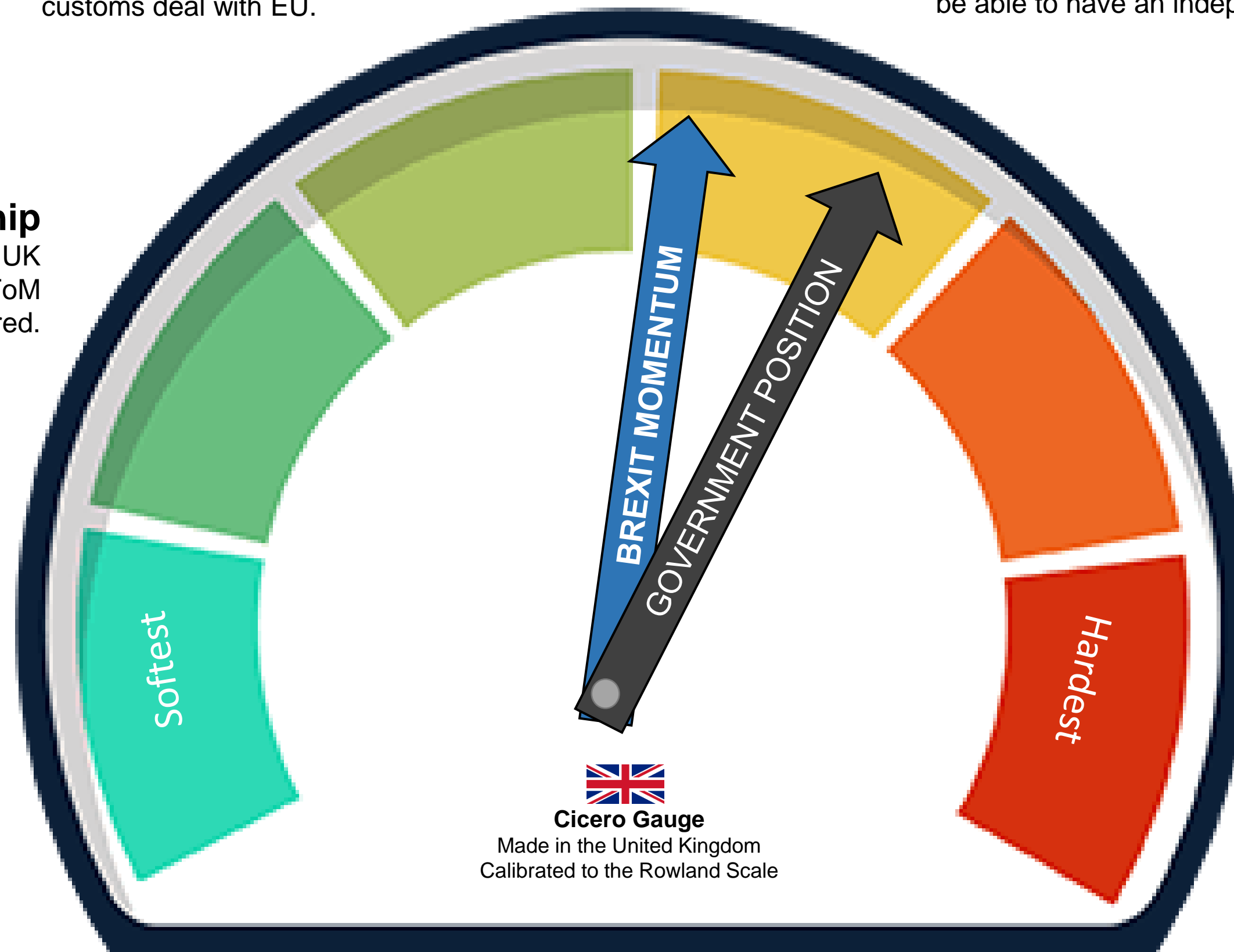
Cut the cord – UK sovereignty is bottom line. Low access, high control similar to a conventional FTA with EU.

Remain in EU

Remain inside, possibly lose rebates and opt-outs?

No Deal

WTO trade, 3rd country relationship. No transition.



What does it all mean?

A relatively hard but orderly Brexit still most likely outcome – under Tories or Corbyn

May might not be able to hold line on Customs Union policy

Irish border talks remain tetchy with no sense of how compromise can be reached (watch!)

No agreement in June would make timings very tight

Future relationship agreement a long way off – second cliff edge?



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Resources

treasurers.org/brexit

The Treasury Profession
Introduction to Treasury
ACT Competency Framework
The Treasurer's Wiki and Handbook
ACT Career Hub
A Career in Treasury
Treasury Job Vacancies
ACT in Action
Qualifications
Training
Membership
CPD
Events
ACT Annual Conference
Webinars
ACT Middle East
Technical Guidance and Comment
The Treasurer Magazine
Treasury Trends Reports
Publications
Deals of the Year Awards
Advertising and Sponsorship Opportunities
Our Royal Charter
Governance

Brexit - keep calm and make a plan
Professional resources for Brexit planning - regularly updated



The results of 23 June 2016 EU referendum clearly surprised some more than others – and as we all know, the one thing that markets hate is uncertainty...

Given the period of uncertainty we are experiencing, it is even more important that treasury is fully embedded into the business, not only to provide support to those businesses that are having to adjust their strategic plans, but to ensure that the link between the business and the sources of finance and hedging - the banks and debt investors - remain strong and effective.

It is also clear that the political process and EU negotiations will take some time to resolve. Business cannot wait for clarity. It needs to set plans and act upon them. Treasurers are excellent problem solvers, and the ACT is focused, as always, on the practical issues facing treasurers and their business.

In the weeks leading up to the referendum The ACT published a number of articles and guides (linked below) including a "T minus 7" poll of its Treasurers' Forum to understand what (if any) action treasurers were taking in the lead up to the Brexit referendum.

We followed up with a "T plus 7" poll to see what the biggest concerns were for the short term immediately following the Brexit result.

In the weeks since we've continued to gauge reaction and provide guidance through our webinar and follow up Brexit Q&As.

Our briefing Brexit 2016 - a post-referendum checklist for treasurers provides a 22 point checklist of the key considerations for treasurers in terms of the impact on both their company and its treasury activities.

And one year on, we hosted a webinar with a panel of experts to discuss how corporate treasurers across Europe have been preparing for Brexit and what they plan to focus on in the months and years to come. You can hear what they had to say [here](#).

We will continue to provide resources and support to our members and the wider financial community so check back regularly for updates.

The ACT is a member of:



We are currently supporting:



ACT RESOURCES, GUIDANCE AND COMMENT

- ▶ [Brexit - one year on webinar recording](#) | 6 July 2017
- ▶ [Will Brexit cause walls to collapse or only cracks to appear?](#) | 3 February 2017
- ▶ [Lessons from the Brexit referendum: there may be trouble ahead – and you can't be over-prepared](#) | 21 September 2016
- ▶ [Does Brexit matter to me? Issues for non UK organisations to consider](#) | 2 September 2016
- ▶ [Brexit 2016 - a post referendum checklist for treasurers](#) | 16 August 2016
- ▶ [Brexit Q&As - painting by numbers](#) | 15 August 2016
- ▶ [Brexit myopia leads to non-Brexit solutions?](#) | 2 August 2016
- ▶ [Brexit - what now? Webinar recording](#) | 5 July 2016
- ▶ [Brexit - "T plus 7"](#) | 1 July 2016
- ▶ [Brexit - "T minus 7"](#) | 16 June 2016
- ▶ [Brexit Update – check the covenants!](#) | 11 June 2016
- ▶ [Brexit....right up my street?](#) | 11 May 2016
- ▶ [Brexit - a treasurer's checklist](#) | 18 March 2016
- ▶ [Brexit 2: What's the process if we do or if we don't?](#) | 4 March 2016
- ▶ [Brexit: will we, won't we; and what would it mean?](#) | 10 February 2016

Useful third party Brexit resources

- ▶ ['Bridging to Brexit: Insights from European SMEs, Corporates and Investors'](#) | AFME | July 2017
- ▶ [A list of non-ACT articles on the potential impact of the referendum result on individuals, companies and economies](#)
- ▶ [European Commission notices on the impact of Brexit](#)

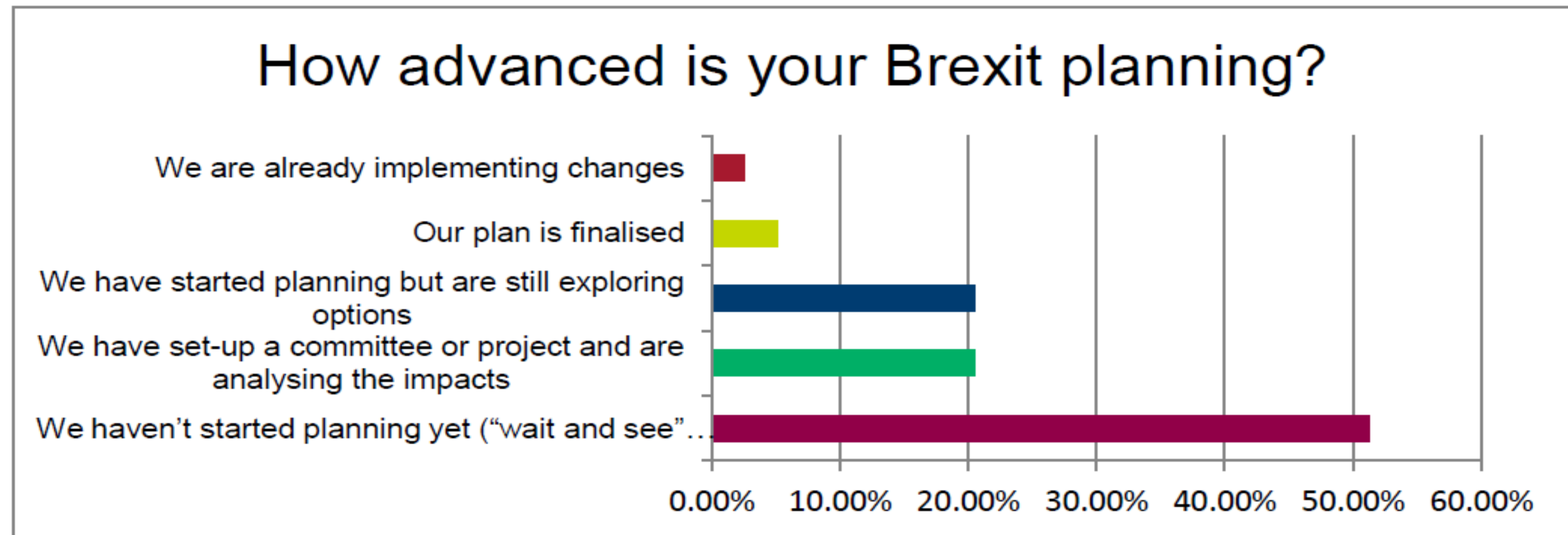
In addition to Brexit specific articles there are other ACT resources that may be helpful in the short term including:

- ▶ [Treasury's role in driving financial and business strategy](#)
- ▶ [Loan Documentation Guides](#)
- ▶ [Contingency Planning for a downturn](#)

How advanced is your Brexit planning?

Answer Options

We haven't started planning yet ("wait and see" mode)	51.28%
We have set-up a committee or project and are analysing the impacts	20.51%
We have started planning but are still exploring options	20.51%
Our plan is finalised	5.13%
We are already implementing changes	2.56%



* the poll was conducted at the ACT Treasury Forum on 8 November 2017



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Panel discussion and Q&A: Corporates and Brexit

Facilitated by:

Michelle Price AMCT

Associate Director, Policy & Technical, **ACT**

Panellists:

Chris Howarth, Chief Financial Officer, **Falcon Group**

Charlotte Morgan AMCT, Non-Executive Director, **FCE Bank (Ford Credit)**

Bernadette Moriarty, Programme Manager

Rick Watson, Managing Director & Head of Capital Markets,
AFME



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CONNECTING MINDS

FORTHCOMING EVENTS



ACT webinar: Smarter commodity hedging
26 April 2018 | Online

ACT Annual Conference
15-16 May 2018 | Liverpool

Benchmark Reform Roundtable
22 May 2018 | London

ACT Middle East Treasury Summit
16-17 October 2018 | Dubai

ACT Treasury Forum
14 November 2018 | London

ACT Annual Dinner
14 November 2018 | London

treasurers.org/events



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**Thank you for attending this
ACT breakfast briefing**

**A survey link will be emailed
to you for your feedback**

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