

18 August 2020

**Communication from the UKNF  
on the withdrawal of the United Kingdom from the European Union (Brexit) and the  
expected expiration of the transition period in terms of financial markets**

The Polish Financial Supervision Authority (UKNF) would like to remind market participants that on 31 January 2020 the United Kingdom left the structures of the Union European (Brexit). The Withdrawal Agreement<sup>1</sup> between the United Kingdom and the European Union provides for a transition period running from the date of Brexit until 31 December 2020, during which the United Kingdom (including Gibraltar, in cases specified in the Agreement and the EU legislation) is still treated as an EU Member State as defined in the EU legislation but is no longer represented at EU institutions, in particular in the EU's decision making process. Thus by the end of the transition period, the UK entities providing services in the EU financial market will be operating according to the previous rules and benefiting from the freedoms of the internal market guaranteed under the EU Treaties.

It should also be noted that the United Kingdom has not requested extension of the transition period within the time limit specified in the Withdrawal Agreement. As a result of that decision, after 31 December 2020 the entities based in the UK (including Gibraltar) operating in the EU financial market will be treated as third-country entities and as such they will be able to conduct business in the Polish territory only after completion of an appropriate procedure before the Board of the Polish Financial Supervision Authority (depending on the type of entity and its business, this might involve e.g. the requirement to obtain appropriate KNF authorisation) and such entities will be supervised to the extent specified in the legislation. Differences may also be expected between the rules and standards pertaining to confidential matters protected by law, data processing, or outsourcing.

The UKNF also points out that in the context of the ongoing negotiations on the Agreement on the New Partnership (trade agreement) between the EU and the UK, regardless of the outcome of the negotiations and the final scope of a possible trade agreement, the negotiations alone do not result in automatic renewal of the conduct of business rules for UK entities in the EU (e.g. within the passporting system) or lead to a situation where it would not be necessary to obtain appropriate authorisations provided for in the EU and/or Polish legislation.

It must be emphasised that all entities providing financial services that have been or will be affected by Brexit should actively follow the rules relating to the type of their business and

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<sup>1</sup> [https://ec.europa.eu/info/european-union-and-united-kingdom-forging-new-partnership/eu-uk-withdrawal-agreement\\_pl](https://ec.europa.eu/info/european-union-and-united-kingdom-forging-new-partnership/eu-uk-withdrawal-agreement_pl)

complete, by 31 December 2020, their activities aimed at adapting their operation to the new legal environment or cease to provide financial services in the Polish territory.

Similarly as in its Communication of 29 January 2020<sup>2</sup>, the UKNF would like to reiterate that clients have the right to expect their financial service providers to provide details regarding the implications of the UK's withdrawal from the EU and the expiration of the transition period, the measures taken by the relevant entity, as well as clients' contractual and statutory rights in the context of Brexit. That matter was also emphasised in the statements made by the authorities within the European System of Financial Supervision<sup>3</sup>. Thus the UKNF expects the supervised entities to take concrete measures aimed at providing the actual or potential clients with appropriate clear and comprehensible information on the risks related to Brexit and to provide contact details and information about other channels of communications for the purpose of addressing all further questions.

According to the UKNF, it is also necessary to consider the risk of Brexit-driven crime, as criminals might be taking advantage of the circumstances after Brexit or after the end of the transition period. Clients and investors in financial markets should therefore be particularly careful due to the risk of phishing (fraudulent attempts to obtain sensitive information), false information on post-Brexit procedures or fraudulent commercial offers. In case of doubts as to any attempted Brexit-themed contact initiated in person, by phone or e-mail in regard to financial services, each such attempt should be verified directly with the financial market entity with whom the financial service user has signed, or intends to sign, a contract, using the contact details provided in the contract or on the website of the relevant entity.

As before the date of Brexit, also during the ongoing transition period the UKNF continues to engage in cooperation at national and international levels (authorities within the European System of Financial Supervision, and the UK financial regulators) to monitor the situation for any potential risk for financial market participants and to identify the need to undertake preventive measures, if necessary. The issues related to Brexit and post-Brexit operation of supervised entities are and will be further monitored by the UKNF.

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<sup>2</sup>[https://www.knf.gov.pl/knf/pl/komponenty/img/Komunikat\\_dot\\_planowanego\\_wyjscia\\_Wielkiej\\_Brytanii\\_z%20UE\\_brexit\\_w\\_zakresie\\_ryнку\\_finansowego\\_64551.pdf](https://www.knf.gov.pl/knf/pl/komponenty/img/Komunikat_dot_planowanego_wyjscia_Wielkiej_Brytanii_z%20UE_brexit_w_zakresie_ryнку_finansowego_64551.pdf)

<sup>3</sup> Examples of relevant communications from the EBA, ESMA and EIOPA:

<https://eba.europa.eu/sites/default/documents/files/documents/10180/2988067/8f6b9034-7058-4fe9-a8c4-ca7c1e90b9bd/EBA%20Communication%20on%20Brexit.pdf?retry=1>

[https://www.knf.gov.pl/knf/pl/komponenty/img/Komunikat\\_ESMA\\_Brexit\\_Firmy\\_Inw\\_i\\_Intytucje\\_Kredytowe\\_64273.pdf](https://www.knf.gov.pl/knf/pl/komponenty/img/Komunikat_ESMA_Brexit_Firmy_Inw_i_Intytucje_Kredytowe_64273.pdf)

[https://www.eiopa.europa.eu/sites/default/files/publications/stand\\_guide\\_recom/eiopa-bos-19-040\\_recommendation\\_brexit\\_final.pdf](https://www.eiopa.europa.eu/sites/default/files/publications/stand_guide_recom/eiopa-bos-19-040_recommendation_brexit_final.pdf)

The UKNF also encourages financial market participants to follow the websites of the European Commission and the authorities within the European System of Financial Supervision (ESMA, EBA, EIOPA) for the latest news and official communications on Brexit.