

Information to be provided to Italian customers by UK-based financial institutions operating in Italy.

On 15 January 2019, the British Parliament rejected the Agreement on the withdrawal of the United Kingdom of Great Britain and Northern Ireland from the European Union and the European Atomic Energy Community ('Brexit'). In the absence of any transitional provisions regulating the relations between the United Kingdom and the European Union, the withdrawal could have an impact on the cross-border activities of all those UK-based financial institutions (banks, payment institutions and e-money institutions), which currently provide services in other EU jurisdictions. As a result, the Italian Ministry of Economy and Finance announced measures to prevent abrupt business discontinuity for both markets and intermediaries in the event of a 'no-deal Brexit'.¹

Issues related to preparations for Brexit were earlier addressed by an Opinion of the European Banking Authority (EBA),² calling on all financial institutions to duly provide clear information for customers whose contracts or services might be affected. In addition, the EBA has recently invited banks, payment institutions and e-money institutions to examine their obligations towards present and future customers; take any necessary actions to ensure service continuity; and provide all customers with correct and timely information regarding contracts or services that may be affected by Brexit.³

In light of the above, the Bank of Italy hereby calls on all banks, payment institutions and e-money institutions based in the United Kingdom that currently provide services in Italy via branches, under the freedom to provide services, or by means of a network of agents, to act promptly:

- to send their Italian customers detailed personalized information about the impact of Brexit. In particular, all financial institutions shall provide specific information on: *i*) the effects on existing contracts, even in cases where termination of activities is expected; *ii*) the consequences of any potential corporate restructuring related to Brexit, having particular regard to any planned transfer and/or sale of businesses in whole or in part; *iii*) the possibility of making recourse to an alternative dispute resolution mechanism;⁴ and *iv*) the effects on deposit insurance guarantee schemes coverage, where appropriate. All communications to customers shall be written in clear and plain language, avoiding any reference which might cause undue alarm. The communication shall be either in the language originally chosen by the customer in the contract or, if this is not possible, in the language in which the contract was drafted. Customers shall also be given contact details for further information and assistance, and up-to-date information about the competent complaints office;
- to publish the same information on their website, at least in Italian and English.

⁽¹⁾ An English version of the press release is available at: www.mef.gov.it/en/ufficio-stampa/comunicati/2019/comunicato_0015.html.

⁽²⁾ EBA, *Opinion of the European Banking Authority on preparations for the withdrawal of the United Kingdom from the European Union*, disponibile all'indirizzo www.eba.europa.eu/documents/10180/2137845/EBA+Opinion+on+BREXIT+preparations+%28EBA-Op-2018-05%29.pdf.

⁽³⁾ EBA, *The EBA calls for more action by financial institutions in their Brexit-related communication to customers*, in <https://eba.europa.eu/-/the-eba-calls-for-more-action-by-financial-institutions-in-their-brexit-related-communication-to-customers>.

⁽⁴⁾ According to the applicable regulatory regime, Italian branches of financial institutions established in the United Kingdom shall adhere to the Banking and Financial Ombudsman (see, www.arbitrobancariofinanziario.it/homepage/index.html?com.dotmarketing.htmlpage.language=3).

In line with the applicable statutory regime, financial institutions shall meet their contractual obligations in full and comply with the regulatory measures applicable for the provision of services in Italy, including those related to contract termination, switching of payment services,⁵ proposals for unilateral contract amendments,⁶ and transfer of business.

Should substantial disruptions be expected for contract continuity and/or for customers' rights, financial institutions shall promptly: inform the competent supervisory offices of the Bank of Italy; send a copy of the information to the certified email address TCA@pec.bancaditalia.it, and the ordinary email address: Brexit_TCA@bancaditalia.it.

⁽⁵⁾ See Articles 120-*quater*, 126-*quinquiesdecies* and ff. of the Consolidated Law on Banking, as well as the Communication on the transfer of payment services issued by the Bank of Italy in 2017 (www.bancaditalia.it/compiti/vigilanza/normativa/archivio-norme/comunicazioni/com-20170622/com-20170622_trasf-serv-pag.pdf) (Italian only).

⁽⁶⁾ See Articles 118 and 126-*sexies* of the Consolidated Law on Banking, as well as the Communications on this subject published by the Bank of Italy in 2014 (www.bancaditalia.it/compiti/vigilanza/normativa/archivio-norme/comunicazioni/com-20140905/nota-20140509.pdf) and in 2017 (www.bancaditalia.it/compiti/vigilanza/normativa/archivio-norme/comunicazioni/com-20170328/nota-20170328.pdf) (Italian only).