



# Preparing for Brexit – Corporate and Investment Bank

Frequently Asked Questions

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# Barclays' Plans and Assumptions

## 1. What are Barclays' strategy and plans for Brexit?

Barclays' overall European strategy remains unchanged. Our intention is to expand our existing subsidiary Barclays Bank Ireland (BBI) to become the legal entity serving European clients, should Brexit result in a loss of relevant market access for the UK financial services industry. This is planned to occur ahead of the UK leaving the European Union (EU).

## 2. What is Barclays' view on the potential Brexit transition period until December 2020?

It should be noted that any transition is contingent upon the draft Withdrawal Agreement being ratified by the UK Parliament. Until a point of legal clarity is reached, Barclays continues to proceed with implementation of our plans to serve customers in the EU in the event that the UK leaves the EU without an agreement on terms of withdrawal, and will continue to monitor external developments.

## 3. What is the scope of impacted clients and products?

Clients will potentially be in scope for Barclays' Brexit plans if they currently transact with Barclays Bank PLC (BBPLC) or Barclays Capital Securities Limited (BCSL) and meet one or more of the following criteria:

- The client is based in an EEA (European Economic Area) country\* (excluding the UK);
- The client is an EEA subsidiary of a non-EEA based client;
- The client is currently on boarded to, or has products booked in, Barclays' EEA branches;
- The client has been notified by Barclays that they will be transferring as a result of Barclays' Brexit plans.

*\*EEA countries (excluding UK)*

Austria, Belgium, Bulgaria, Croatia, Cyprus, Czech Republic, Germany, Denmark, Estonia, Spain, Finland, France, Greece, Hungary, Ireland, Iceland, Italy, Latvia, Liechtenstein, Lithuania, Luxembourg, Malta, Netherlands, Norway, Poland, Portugal, Romania, Slovakia, Slovenia and Sweden.

# BBI Product Offering and Pricing

## 4. Will BBI offer all existing BBPLC products to clients?

Barclays' intention is to continue to provide its current product and service offering to EEA clients via BBI after Brexit where possible. There may also be instances where, due to the specifics of particular products and/or jurisdictions, clients will continue to have a relationship with BBPLC.

BBI does not offer cheque books or a cheque/draft issuance solution in Frankfurt. If you intend on maintaining a cheque/draft facility, you would need to maintain a UK based Euro Clearing account with BBPLC. Your relationship manager will be able to provide further information.

## 5. What are the migration plans for my EEA Branch based products?

Each individual branch will move on a specific date and branches overall will be migrated in a phased manner. The phased migration of our European branches into BBI has now been completed.

# Client Activity Requirements for New Business

## 6. Are there any additional KYC checks I will need to complete as part of the migration to BBI?

Barclays does not intend to conduct additional KYC checks with clients at the point of transfer from BBPLC to BBI, where additional KYC is required it will be included at the next scheduled KYC review. However, should there be any specific scenario where additional checks may be needed at migration, we would engage with you directly to discuss. Please note there may be situations where your own regulatory obligations require you to on-board BBI as a new counterparty for you to be able to continue trading with us.

## 7. Will I need to update my Standard Settlement Instructions as part of the transfer to BBI?

For clients migrating from BBPLC London to BBI, Standard Settlement Instructions will need to be updated. Standard Settlement Instructions will be provided for each asset and currency combination.

For clients who currently bank with a European BBPLC branch, the existing Cash Correspondent accounts will migrate to BBI from BBPLC (along with Bank Codes) and therefore there will not be a requirement to update Standard Settlement Instructions.

Post-Brexit, BBPLC will no longer be a direct clearer of EUR and will have indirect access that will need to be reflected in Standard Settlement Instructions.

## 8. Following the Part VII transfer notification, am I expected to take any actions in order to effect the transfer of my positions?

If you have trading positions or lending agreements with the Investment Bank, you will be contacted to discuss both the proposed positions to transfer and the planned date we would like to book with you to enact the transfer.

If you have Corporate Banking products (such as Cash, Liquidity, Trade and Working capital), including products provided from our European Branches, your relationship teams and product specialist will engage with you to confirm how and when these products and services will transfer.

Whilst Barclays intends to minimise impact to our clients, through the duplication of contracts where possible, internal steps to ensure client preferences are updated with our new entity and the provision of specialist product support, there may be actions you need to take to support the transfer. For example, if you have positions that will transfer, we will need to consider the operational resource required to rebook trades with us. You should also consider other activity that may be required in your organisation, such as on-boarding of our BBI entity, updating of Standard Settlement Instructions, internal reconciliation and any changes in reporting requirements.

# Impact of Brexit on Legal Documents

## 9. What are the legal methods of transfer?

Barclays has leveraged a number of legal mechanisms to transfer or duplicate legal documents to the BBI entity, including:

- Part VII (For further information on the Part VII mechanism, and FAQs [click here](#))
- Novations
- Transfers to a Barclays affiliate under existing contractual rights
- Updates to product terms and conditions
- Article 58 (an Italian local law transfer mechanism)
- New documentation

Availability of these mechanisms will vary based on the underlying contractual relationship and its terms.

#### 10. If my transfer is being effected through new documentation and/or novation, when can we start the re-papering exercise?

We will have engaged you if you have any documentation to be re-papered outside of the Part VII process,

#### 11. Will Barclays use current documents or a new standard for negotiation, and in what country law will this be in?

The current expectation is that the same document standards will be used. Most contracts will remain governed by English law or the same law as they are currently. In certain circumstances where a product is moving booking location, it may be more practical to amend the governing law.

#### 12. How can I object to the Part VII?

Please note that as the Court process has now completed it is no longer possible for you to file an objection to the Scheme, however if you have any questions or concerns in relation to the Scheme do not hesitate to contact the Brexit support team and / or your relationship manager.

#### 13. How will my deposit and investment protections change if my eligible deposit is moved from BBPLC to BBI?

##### Deposit Protection

Currently, you will only be entitled to certain statutory protections under the UK's Financial Services Compensation Scheme (FSCS) if you are a client which holds an eligible deposit with BBPLC. Clients with an eligible deposit who migrate to BBI will no longer be eligible for FSCS protections, but rather will have their deposits covered under the Irish Deposit Guarantee Scheme (DGS).

The below lists out in detail the types of deposit which are covered by the FSCS and DGS. If you are currently eligible for deposit protection under the FSCS then you will be eligible for deposit protection under the DGS. Please note that the protection amount is £85,000 under the FSCS and €100,000 under the DGS.

For a small number of clients who have deposits in BBI under the DGS, and who also have deposits which are covered by the FSCS and which are transferring to BBI under the Scheme, there will be a reduction in protection of your deposits as a result of the transfer of your deposits to BBI. The reduction in protection will arise when your BBPLC deposits are transferred to BBI and you will no longer benefit from the FSCS scheme in addition to the DGS scheme, as you do today.

If you are currently eligible for temporary high balance deposit protection under the FSCS then you will be eligible for temporary high balance deposit protection under the DGS. However please note that the amount of protection is lower under the DGS as compared to the FSCS. The amount of protection is £1,000,000 under the FSCS whereas the amount of protection is €1,000,000 under the DGS.

Please also note that there is no limit for temporary high balance deposit protection in respect of temporary high balances arising from a payment in connection with personal injury or incapacity under the FSCS. In contrast there is a

limit of €1,000,000 for temporary high balance deposit protection in respect of temporary high balances arising from a payment in connection with personal injury or incapacity under the DGS.

|                                      | UK FSCS  | Irish DGS   |
|--------------------------------------|--|---|
| Is my deposit covered?               | <p>In general all kinds of deposit type are covered under the FSCS.</p> <p>Under the FSCS, the following deposits will <b>not</b> be eligible deposits:</p> <ul style="list-style-type: none"> <li>• a deposit made by a credit institution;</li> <li>• a deposit made by a financial institution;</li> <li>• a deposit made by an investment firm;</li> <li>• a deposit where the holder and beneficial owner have not had their identity verified in accordance with applicable money laundering regulation;</li> <li>• a deposit by an insurance undertaking or reinsurance undertaking;</li> <li>• a deposit by a collective investment undertaking;</li> <li>• a deposit by a pension or retirement fund (with limited exceptions);</li> <li>• a deposit by a public authority (unless it is a small local authority).</li> </ul> | <p>The DGS protects the following kinds of deposit types: (i) current accounts; (ii) deposit accounts; and (iii) share accounts in banks, building societies and credit unions.</p> <p>Under the DGS, eligible deposits include those held by:</p> <p>(i) individuals; (ii) sole traders; (iii) partnerships; (iv) clubs, associations, schools and charities; (v) companies; (vi) funds held in trust or in client accounts by solicitors and other professionals may be eligible if the underlying beneficiaries are eligible in their own right; (vii) small self-administered pensions.</p> <p>Like the FSCS, the following deposits will <b>not</b> be eligible deposits:</p> <ul style="list-style-type: none"> <li>• a deposit made by a bank, credit union or building societies;</li> <li>• a deposit made by a financial institution;</li> <li>• a deposit made by an investment firm;</li> <li>• a deposit where the depositor has never been identified in accordance with money laundering legislation;</li> <li>• a deposit by an insurance or reinsurance undertaking;</li> <li>• a deposit by a collective investment undertaking;</li> <li>• a deposit by a pension scheme or retirement fund (with limited exceptions);</li> <li>• A deposit made by a public authority;</li> <li>• A deposit made by a person charged (pending a court decision) or convicted of money laundering offences.</li> </ul> |
| How much of my deposit is protected? | Up to £85,000  | Up to €100,000  |
| What is a temporary high balance?    | <p>A temporary high balance as covered by the FSCS means:</p> <p>An eligible deposit (as defined above) which meet at least one of the additional criteria, including:</p> <ol style="list-style-type: none"> <li>I. that it comprises money deposited in preparation for the purchase of a private residential property, money representing proceeds of the sale of a private residential property or money representing equity release in</li> </ol>   | <p>A temporary high balance as covered by the DGS means:</p> <p>a deposit that relates to certain events, including:</p> <ol style="list-style-type: none"> <li>I. money deposited in relation to the purchase, sale or equity release by the depositor in respect of a private residential property;</li> <li>II. sums paid to the depositor in respect of</li> </ol>  |

|   | UK FSCS   | Irish DGS   |
|---|---|---|
|   | <p>a private residential property;</p> <p>II. it comprises sums paid to a depositor in respect of:</p> <p>(a) benefits payable under an insurance policy;<br/> (b) a claim for compensation for personal injury;<br/> (c) state benefits paid in respect of disability; (d) a claim for compensation for wrongful conviction; (e) a claim for compensation for unfair dismissal;<br/> (f) redundancy (voluntary or compulsory);<br/> (g) marriage or civil partnership;<br/> (h) divorce or dissolution of civil partnership;<br/> (i) benefits payable on retirement;<br/> (j) benefits payable on death;<br/> (k) a claim for compensation in respect of a person's death; or<br/> (l) a legacy or other distribution from the estate of a deceased person; or</p> <p>III. it otherwise serves a social purpose provided for, or of the type provided for, in the law of a part of the UK which is linked to the marriage, civil partnership, divorce, dissolution of civil partnership, retirement, incapacity, death of an individual, or to the buying or selling of a depositor's only or main residence that is not freehold, heritable or leasehold property.</p> | <p>(a) insurance benefits; (b) personal injuries; (c) disability and incapacity benefits;<br/> (d) wrongful conviction;<br/> (e) unfair dismissal;<br/> (f) redundancy;<br/> (g) the depositors' marriage or civil partnership;<br/> (h) judicial separation, or dissolution of civil partnership;<br/> (i) retirement benefits;<br/> (j) sums paid to the depositor in respect of benefits payable on death;<br/> (h) claims for compensation in respect of a person's death; or<br/> (l) a legacy or distribution from the estate of a deceased person.</p> <p>III. similarly to the FSCS, it otherwise serves a social purpose linked to marriage, divorce or retirement</p> |
| How much protection do I receive in the case of a temporary high balance? | A maximum is £1,000,000 for a period of six months from the date on which the deposits have been credited to an account or from the date on which the deposit becomes legally transferable, although there is no limit for temporary high balances arising from a payment in connection with personal injury or incapacity.   | A maximum of €1,000,000 for a period of six months after the deposits have been credited to an account or from the moment when such deposits become legally transferrable.<br>The limit of €1,000,000 applies for temporary high balances arising from a payment in connection with personal injury or incapacity.  |

### Insolvency

In addition, you should be aware that accounts moved to BBI which are eligible for deposit protection under the Irish DGS will have a different treatment in the event BBI becomes insolvent than those accounts eligible for deposit protection under the FSCS in the event of a BBPLC or BCSL insolvency. Under Irish law, in an insolvency of BBI, if you owe any due and payable amounts to BBI, these amounts would be automatically offset against your protected deposit.

In contrast, in the event of an insolvency of BBPLC, clients holding deposits eligible for deposit protection would receive a gross payment for their protected deposits without any reduction for due and payable debts owed by the client to BBPLC. Although any such amounts would not be immediately deducted. However, we note that this would not prevent the relevant English insolvency administrator from pursuing a client for payment of such debts.

If you would like more information on the DGS, please see: <https://www.depositguarantee.ie/en/what-we-cover/protected-depositors>

### Investment Protection

In addition to deposit protection, you will be currently eligible under the FSCS for investment protection if you are an eligible claimant, e.g. an individual, a trust, an SME, a charity. Clients who are eligible for investment protection with respect to activity they do with Barclays who migrate to BBI will no longer be eligible for FSCS investment protections, but rather will have their investments covered by the Irish Investor Compensation Scheme (ICS).

If your investment is eligible for protection under the FSCS then it is eligible for protection under the ICS. For large companies please refer to the thresholds in Euros under the ICS as set out in the table below.

However please note that the amount of investment protection is lower under the ICS than under the FSCS: a maximum of 90% of the net amount to be claimed or €20,000, whichever is lower per person per firm under the ICS, as compared to a maximum limit of £50,000 per person per firm under the FSCS.

|  | UK FSCS  | Irish ICS  |
|--|--|--|
| <b>Is my investment covered?</b>       | <p>Investments by the following persons are <b>not</b> eligible for protection under the FSCS:</p> <ul style="list-style-type: none"> <li>Regulated firms (including credit institutions and investment firms);</li> <li>Collective investment undertakings</li> <li>Pension and retirement funds;</li> <li>Provincial, regional, local or municipal authorities;</li> <li>Large companies (a company that has two or more of i) a turnover of at least £10.2million, a balance sheet of more than £5.1million or more than 50 employees);</li> <li>Large partnerships;</li> <li>Persons whose claim arises from transactions in connection with which they have been convicted of an offence of money laundering;</li> <li>Alternative investment funds and their managers or depositaries;</li> <li>Large mutual associations;</li> <li>Debt protection business (unless the person is a natural person)</li> <li>Persons who, in the opinion of the FSCS, are responsible for or have contributed to the bank's default;</li> </ul> | <p>Investments by the following persons are not eligible for protection under the ICS:</p> <ul style="list-style-type: none"> <li>A credit institution;</li> <li>An investment firm;</li> <li>A financial institution</li> <li>Any professional or institutional client;</li> <li>Collective investment undertakings</li> <li>Pension or retirement funds</li> <li>Local authorities</li> <li>Large companies (a company which has two or more of i) turnover exceeds €8.8million, ii) balance sheet total exceeds €4.4 million and the average number of employees exceeds 50)</li> <li>Insurance undertakings</li> <li>A director, manager or personally liable member, holder of at least 5% of the capital, or auditor of the firm holding the investments or a close relative or person representing any of the preceding;</li> <li>A client who has any responsibility for or has taken advantage the deterioration of the financial situation;</li> </ul> |
| <b>What is a protected investment?</b> | The FSCS protects money and investments owed to or belonging to  | The ICS protects money and investments owed to or belonging to   |

|  | UK FSCS  | Irish ICS  |
|--|--|--|
|  | <p>the client and held by the firm in connection with investment services.</p> <p>“Investments” is broadly defined as a security or contractual based investment.</p> <p>The following are forms of investment services which are relevant to your business with BBPLC:</p> <ul style="list-style-type: none"> <li>• Where the firm deals in investments with you as principal or agent;</li> <li>• Arranges or brings about deals in investments for you;</li> <li>• Manages your investments;</li> <li>• Safeguards and administers your investments.</li> </ul> | <p>the client and held by the firm in connection with investment services.</p> <p>“Investments” is broadly defined as a security or contractual based investment.</p> <p>The following are forms of investment services which are relevant to your business with BBI:</p> <ul style="list-style-type: none"> <li>• Receiving and transmitting orders in investments for you;</li> <li>• Executing orders in relation to investment instruments for you;</li> <li>• Managing portfolios of investment instruments for you;</li> <li>• Safekeeping and administering your assets.</li> </ul> |
| <b>Up to what amount are my investments protected?</b> | A maximum of £50,000 per person per firm   | A maximum of 90% of the net amount to be claimed or €20,000, whichever amount is lower per person per firm   |

If you would like more information on the ICS, please see:

[https://www.investorcompensation.ie/\\_fileupload/Documents/Publications/ICCL\\_Information\\_Booklet.pdf](https://www.investorcompensation.ie/_fileupload/Documents/Publications/ICCL_Information_Booklet.pdf)

If you are concerned about the impact of the Transfer on your eligible deposits or investments and the statutory protection that is provided to you, please contact us through your designated contact at Barclays in the usual way, or through our dedicated team at the address and/or phone numbers at the end of these Q&As. We will explain the different options available to you in relation to this change in protection.

14. I am a client and one or more of my products and/or services is being transferred from BBPLC and/or BCSL to BBI. If I want to make a complaint against BBI to an officially recognised ombudsman about any of my products and/or services, are my rights and compensation benefits different from my current position?

If your product or services have been transferred to BBI, the ombudsman regime governing client complaints will change from the UK's Financial Ombudsman Scheme (FOS), which applies to BBPLC and BCSL, to the one governing BBI, the Irish Financial Services and Pensions Ombudsman (FSPO). Although the process and protections relating to complaints under both regimes are substantially similar, we have set out below a brief summary of certain key points relating to the FSPO and FOS.

#### FSPO

Eligible Clients of BBI ("consumers")<sup>1</sup> can submit a complaint to the FSPO after they have sought a remedy directly from the service provider. Before referring a complaint to the FSPO, a consumer must give the service provider an opportunity to resolve the complaint directly and the service provider has 40 business days from the date it is notified of the complaint to investigate it and attempt to reach a resolution. If no resolution can be agreed, the service provider must inform the consumer of its right to complain to the FSPO. There is no charge levied on parties making a complaint to the FSPO. If a complaint is upheld, the FSPO may make a monetary award and/or direct the service provider to do any of the following: (i) review, rectify, mitigate or change the conduct complained of or its consequences; (ii) provide reasons for that conduct; or (iii) change a practice in relation to that conduct. A monetary award may relate to loss, expense or inconvenience resulting from the conduct which is the subject of the complaint. The maximum monetary award which the FSPO may make is Euro 500,000. Complaints to the FSPO must normally be made within six years from the conduct giving rise to the complaint.

#### FOS

Under the FOS, eligible clients of BBPLC and BCSL ("consumers")<sup>2</sup> can submit a complaint to the FOS and there is no charge levied. Before referring a complaint to the FOS, a consumer must give the service provider an opportunity to resolve the complaint directly and the service provider has eight weeks from the date it is notified of the complaint to investigate it and attempt to reach a final resolution. If no resolution can be agreed, then the service provider must inform the consumer of its right to complain to the FOS. If a complaint is upheld, the FOS may provide the following remedies: (i) issue a monetary award (including in such award an additional cost for interest on the award from a date specified in the award); (ii) issue an award for the costs of any professional advisors reasonably incurred by the party making the complaint; or (iii) require the service provider to take such steps in relation to the party making the complaint that the FOS considers just and appropriate. The maximum monetary award which the FOS may make is £150,000. Complaints to the FOS must be received within (i) six years after the event complained of, or, if later, 3 years from the date on which the party making the complaint became aware (or ought reasonably to have become aware) that there was a cause for complaint; and (ii) 6 months from the service provider's final response to the consumer, unless the failure to comply with the above time limits was as a result of exceptional circumstances.

15. How will the way in which you hold my investments and money change in the transfer of my existing custody and/or money balances from BBPLC/BCSL to BBI?

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<sup>1</sup> Consumers who may use the FSPO to lodge a complaint include the following categories: i) private individuals or, ii) subject to certain turnover limitations the following other categories of entity: a. a limited trader; b. a sole trader; c. a trust; d. a club; e. a charity; or f. a partnership.

<sup>2</sup> Consumers who may use the FOS to lodge a complaint include: i) private individuals or ii) micro-enterprises (i.e., certain businesses, charities or trusts with turnover limitations).

At present, under the UK regulatory regime, BBPLC and BCSL may hold pursuant to your agreements with them either client assets in safe custody or cash as Client Money. Below we explain where there will be changes to how these functions are performed when they are transferred to BBI.

### **Assets**

With respect to client assets held in safe custody, BBI will be complying with the MIFIDII Safeguarding of Assets rules, which are substantially consistent with the UK FCA rules in the Client Asset Sourcebook (CASS) in respect of the protections afforded to your safe custody assets. Under the UK CASS rule, firms are required to allocate and lock up their own assets or cash as client money where a firm identifies a discrepancy as a result of a shortfall which the firm has not yet resolved. Such cash or assets are segregated from the firms' cash and assets and will not be part of the firm's insolvent estate.

As explained in the Cash section of these FAQ below, BBI will not have any client money capability and therefore will not be able to offer stock shortfall client money lock up. BBI will segregate its own assets/stock to cover shortfalls, using the existing processes used by BBPLC and BCSL in identifying and calculating the value of shortfalls for segregation of assets/stock.

### **Cash**

The treatment of your cash is different depending on whether it is held with BBPLC or BCSL.

#### **How your cash is currently held by BBPLC**

Where BBPLC holds your cash, it is held as banker and not as trustee in accordance with CASS, so there will be no change upon the transfer to BBI except where BBPLC currently locks up its own cash, instead of its own assets, for the purpose of stock shortfalls process explained above.

#### **How your cash is currently held by BCSL**

Currently, BCSL is not a bank but an investment firm. As such, it is required to hold any cash from its clients which is not transferred to BCSL under a Title Transfer Arrangement as "Client Money" in accordance with the Client Money Rules in CASS. BCSL may hold cash as client money in its Cash Equities business, this is usually where cash balances arise as a result of settlement failures, dividend payments or the collection of Italian financial transaction tax payments.

This means that cash is held with banks that we choose from time to time and may include banks within the Barclays Group, but only up to 20% of the total Client Money held for clients.

The banks hold Client Money on deposit in the same way as money is held in your bank account with your bank. In the event of insolvency of one of the banks holding Client Money to which you were entitled, BCSL as the client money trustee would be able to make a claim in that bank's insolvency on your behalf. If you are an eligible claimant, you would be able to make a claim under the deposit guarantee protection schemes applicable to the relevant bank in the same way that you would if you held the deposit in a bank account in your own name.

Once BCSL transfers its business to BBI, Client Money held on your behalf will be held by BBI as banker and will be treated in the same way as a cash deposit in a bank account. This is because BBI is a bank pursuant to the Capital Requirements Directive and capitalised accordingly.

#### **What does this mean in the event of the insolvency of BBI?**

Client Money currently held by BCSL is held in bank accounts that are completely separate to BCSL's own money. This means that client money will be ring-fenced and protected from any insolvency of BCSL. When this money is transferred to BBI, it will be held by BBI as a deposit and subject to the Irish Deposit Guarantee Scheme protections if you are eligible pursuant to that Scheme (Please see above for further information on such eligibility). If you are not eligible for depositor protection, then you will become a general creditor of BBI in the event of its insolvency.

If you are concerned about the impact of the Transfer on the treatment of your assets or cash, please contact us through your designated contact at Barclays in the usual way, or through our dedicated team at the address and/or phone numbers at the end of these Q&As. We will explain the different options available to you in relation to this change, which includes your ability to request any Client Money balances be returned to you without incurring any associated costs.

#### 16. How will a contractual reference to specific ratings agencies be treated through the Part VII?

Barclays Bank Ireland (BBI) has sought a credit rating from two of the three main credit rating agencies, S&P and Fitch (see question 4 in the BBI FAQs on this website for more detail). Some contracts may reference Moody's. As Barclays has not requested a rating from Moody's at this time, any such contractual references will be substituted with a reference to Fitch and/or S&P (if they are not currently referred to in the contract).

For more detail on contractual amendments being effected through the Part VII, please see the "Part VII Summary of Contractual Amendments" provided on this website.

## Impact of Brexit on Existing Transactions

#### 17. In connection with the transfer of business from the UK entities of Barclays (BBPLC/ BCSL), I have been contacted about potentially moving my existing transactions and positions, why is this and what are the expected impacts?

In the event the UK leaves the EU without an agreement on terms of withdrawal (i.e. there is a "no deal Brexit"), BBPLC or BCSL may be unable to continue servicing your product(s) if certain product life-cycle events occur which constitute "regulated activity" requiring a passport or local licence in your jurisdiction. Conversely, it may be that existing product(s) you hold with BBPLC or BCSL can continue to be held until their maturity as the activities required to maintain these products may not constitute a "regulated activity" requiring a passport or local licence. In each case, we may contact you to indicate which category we believe your existing product(s) fall under and as such whether there is a requirement to transfer and/or the possibility to leave the existing product(s) as is until maturity (or until such time as a life cycle event occurs with respect to the product(s) which would constitute a regulated activity).

In respect of existing derivative and securities financing transactions you will be able to instruct that positions are not transferred.

#### Expected impacts

If you leave existing product(s) with either BBPLC or BCSL, please note the following:

- If a lifecycle event occurs prior to maturity of your product(s) which is a regulated activity in your jurisdiction, Barclays may not be able to act upon such lifecycle event (e.g., undertaking risk-reducing activities or other actions requiring an investment decision or changing key terms) without first requiring that the product is transferred to BBI. If such event happens after the Effective Window of the Part VII, then any such transfer to BBI would need to be undertaken by novation which could result in changes to the regulatory/ accounting/ tax treatment of the transaction. You may wish to seek advice on these potential impacts from professional advisors.
- where product(s) are covered by netting agreements, please be aware that there will not be any netting of transactions or positions held across BBPLC/ BCSL and BBI. This is because whilst existing product(s) may be able to remain with UK entities, any new activity with you will have to be entered into with BBI in the event of a Hard Brexit, and this will be done under a new and separate netting agreement for the relevant product(s).
- similarly, as product(s) with BBPLC/BCSL and BBI will be covered by separate legal agreements, this may result in the need to post additional collateral as a result of the loss of netting benefit across transactions or positions relating to a particular product.

If you transfer existing product(s) to BBI, please consider any potential changes to the regulatory/accounting/tax treatment of the product(s) or transactions as a result of such transfer. As noted in the response to the question “What are the benefits of a Part VII?” (see question 2 in the Part VII FAQs), if you transfer your product(s) or transactions through the Part VII, we do not expect the treatment of your positions under EMIR to change as the Part VII takes effect by operation of law. However, this may not be the case for other local regulatory requirements (e.g., transferring clients who are subject to the Dodd-Frank Act may be subject to margin or clearing requirements). You may wish to seek advice on any such potential impacts from professional advisors in order to determine if these requirements might apply to your positions if transferred.

If you have any questions or concerns in relation to your existing positions, we encourage you to contact the Brexit support team, and/or your relationship manager.

#### 18. Will there be any cost for me in transferring my business to Barclays Bank Ireland?

In ensuring you are set up to face Barclays Bank Ireland (BBI), and to support in the transfer of any relevant existing business, Barclays intends to minimise impact to you as a client. By using a Part VII, Barclays is seeking to reduce the re-papering cost, however there may be other costs incurred by transferring clients including but not limited to, resourcing the operational transfer of contracts and positions or professional services costs to enable the client to assess the impact of the transfer on it and its business.

#### 19. Are there any tax consequences related to moving my products from BBPLC and/or BCSL to BBI?

Barclays has undertaken due diligence to determine whether the transfer will result in adverse tax effects for clients transferring under Part VII. It is not possible for our due diligence to address all potential client scenarios, not least because Barclays is not necessarily party to any arrangements that may result in tax effects on customers. Accordingly, you may wish to obtain tax advice as to whether the transfer could result in adverse consequences for you.

We have identified the following areas which may be relevant to clients.

##### **French clients holding stock loans, repos or equivalent transactions**

For French clients (other than individuals), a transfer of stock loans, repos or equivalent transactions from BBPLC to BBI could result in the crystallisation of tax on any unrealised gain in relation to securities transferred to BBPLC upon origination (of the stock loan, repos or equivalent transaction). While, it is anticipated that there will be no such positions that will transfer on the transfer date, relevant French clients should remain aware of the issue. Clients will not be prevented from transferring such a position if requested.

##### **Irish Encashment Tax**

If you are an Irish resident client, you may come within the scope of Irish encashment tax. Encashment tax is a withholding tax regime that applies to persons located in Ireland who pay or collect foreign dividends on behalf of others (i.e., generally paying and/or custodial agents). The objective of the encashment tax regime is to ensure that tax is withheld from Irish tax payers on the receipt of foreign income in Ireland. Irish encashment tax is withheld at 20% where BBI receives a payment of a non-Irish dividend or interest on behalf of an Irish resident client (subject to a number of exemptions). Encashment tax should not apply to payments collected on behalf of persons not resident in Ireland. The amount withheld is creditable against clients’ Irish tax liability and may be refundable to the extent it exceeds that liability.

## 20. How will Barclays' entities - Barclays Bank Ireland PLC, Barclays Bank PLC and Barclays Capital Securities Limited – operate during the period where all three are all licensed to operate in the EU?

While Barclays Bank PLC and Barclays Capital Securities Limited remain authorised to operate in the EU (the **Interim Period**), Barclays Bank Ireland PLC, Barclays Bank PLC and Barclays Capital Securities Limited may collaborate with one another to create, develop, issue, design and/or distribute products and transactions for EU clients. As clients, client positions, Barclays staff and Barclays branches will move from BBPLC/BCSL to BBI in stages and at various times, this collaborative arrangement is designed to maintain continuity of service for EEA clients. Although BBPLC, BCSL and BBI may collaborate on the manufacturing or distribution of a product or transaction, we will agree with you in advance the Barclays counterparty(ies) against whom you will execute or transact.

Note: Please also see additional FAQs prepared with information on [Barclays Bank Ireland](#), information about the [Part VII](#), and information for [PB&OS](#) clients.

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The consequences of the United Kingdom's exit from the European Union (EU) (Brexit) are still unknown and the outcome of the negotiations between the EU and the United Kingdom may require Barclays to reconsider its planning strategy. Consequently, Barclays may reconsider or modify its position or alter its plans. Further, Barclays ability to implement its current plans is subject to third party approval including, but not limited to, regulatory approval, Court approval and management discretion, and so are subject to changes which may be significant. In that regard, the information provided to you through this document is subject to change, and such change may be significant depending on any final deal between the EU and the United Kingdom as well as third party approvals.

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*FAQs - 30 January 2019*