

**Morgan Lewis**

**IAA** INVESTMENT ADVISER  
ASSOCIATION



# **BREXIT IMPLICATIONS FOR US ASSET MANAGERS**

**July 8, 2016**



Simon Currie - London



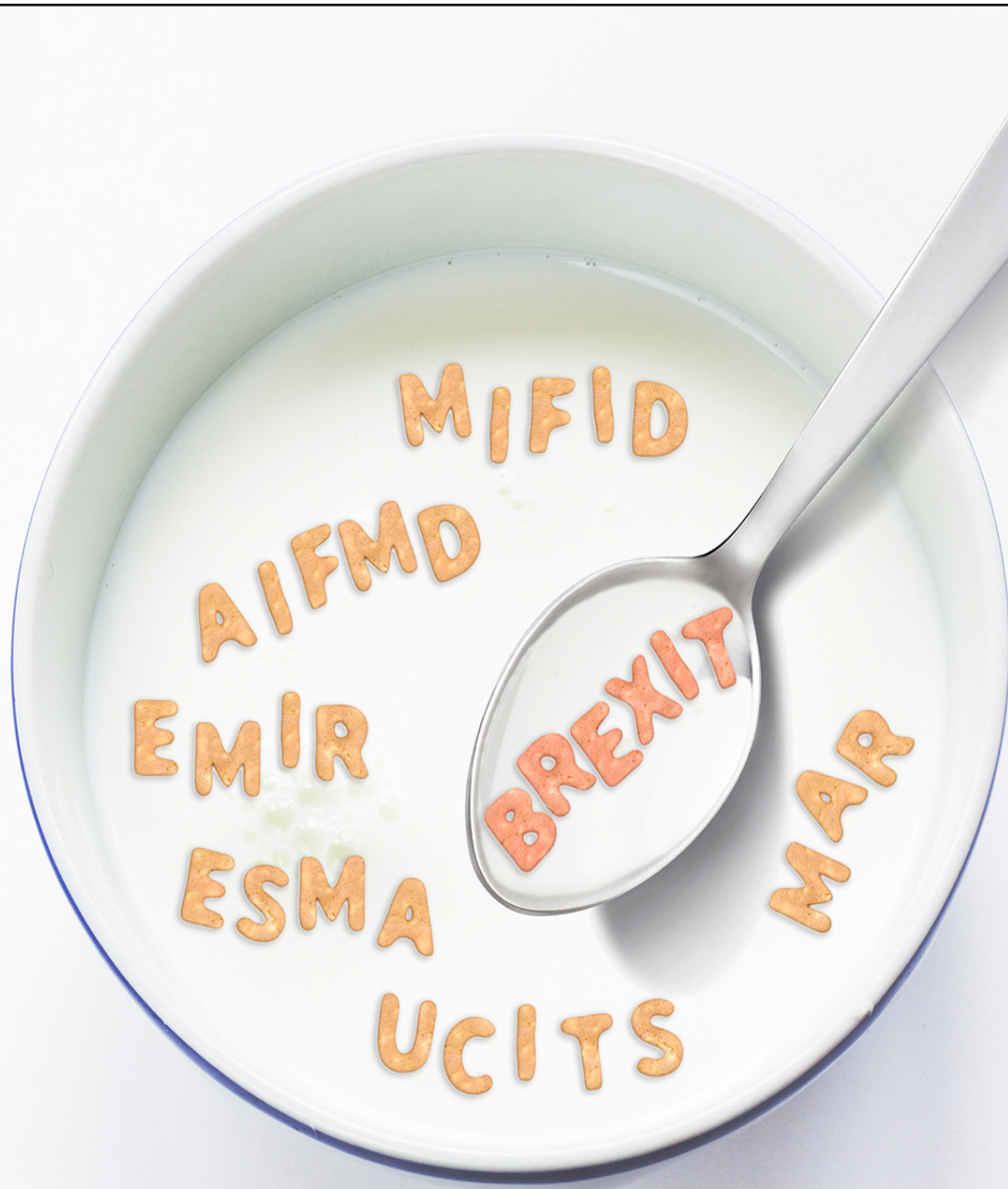
Tim Levin - Philadelphia



Jack O'Brien - Philadelphia



William Yonge - London



MIFID

AIFMD

EMIR

ESMA

UCITS

BREXIT

MAR

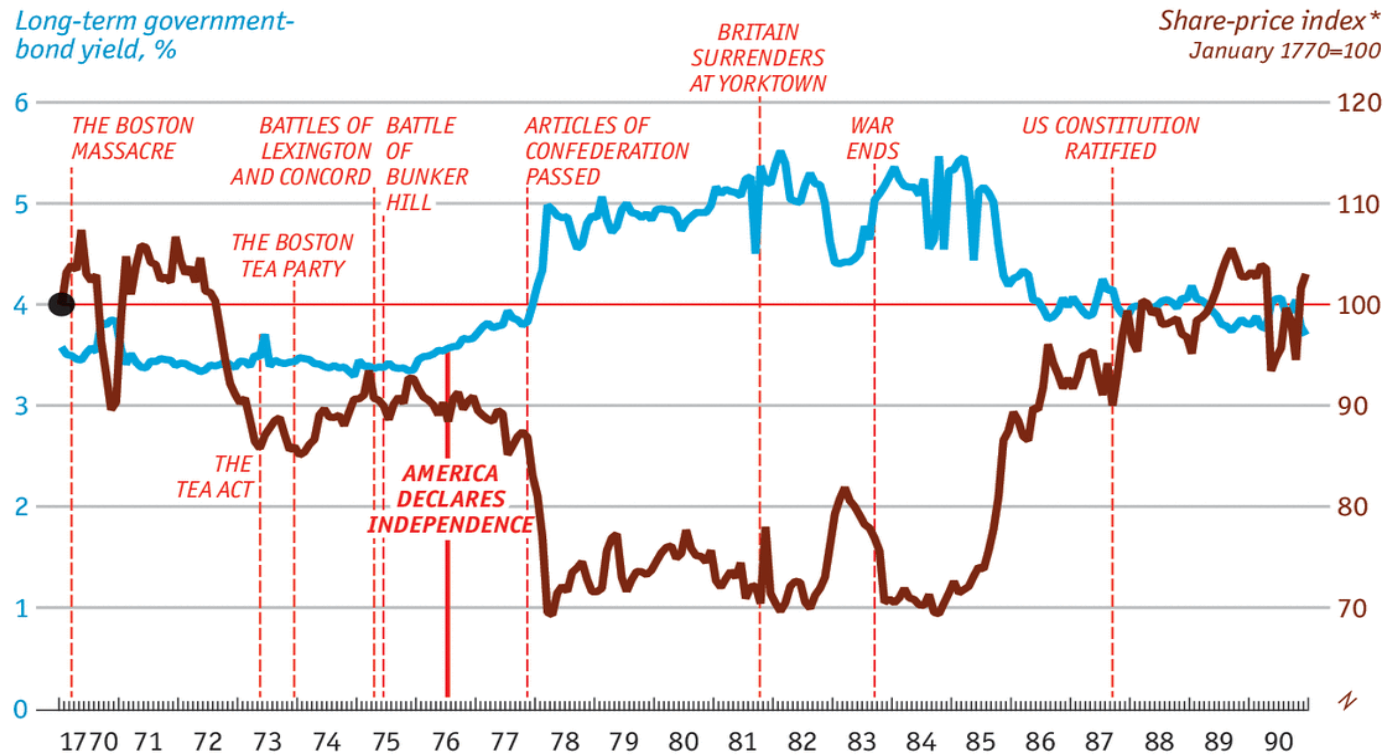
# Overview of Acronyms...

Acronym	Stands for:	Similar to:
AIFMD	Alternative Investment Fund Managers Directive	AIFs are like US private funds; AIFMs are the managers Certain elements of AIFMD are similar to requirements imposed on US private fund managers by Dodd-Frank.
UCITS	Undertakings for Collective Investment of Transferable Securities	US mutual funds. UCITS are public investment pools with registered managers, that can be marketed across EU.
MiFID	Markets in Financial Instruments Directive (applicable across the EU since November 2007)	The US federal securities laws as a whole, pre-Dodd-Frank.
MiFID II/MiFIR	The recast Markets in Financial Instruments Directive and the Regulation on Markets in Financial Instruments	The US federal securities laws as a whole, post-Dodd Frank.
EMIR	The European Markets Infrastructure Regulation	The Commodity Exchange Act and certain rules of the Commodity Futures Trading Commission applicable to OTC derivatives
MAR	Market Abuse Regulation (replaced Market Abuse Directive, or "MAD")	SEC regulation of insider trading and market manipulation
FCA	Financial Conduct Authority (United Kingdom)	SEC (or State Securities Regulator)
ESMA	European Securities and Markets Authority (EU)	SEC

# How "Amexit" Sent Shockwaves through the Financial Markets

## Breaking the bonds

Britain's market reaction to American independence



Source: Bank of England \*Unweighted-average share prices of the Bank of England, East India Company and South Sea Company



# Summary of Key Events

- The UK in/out referendum took place on 23 June 2016.
- The result was announced on 24 June 2016 with a majority of voters (52%) deciding that UK should leave the EU.
- Prime Minister David Cameron, who had campaigned to remain, resigned with effect from the appointment of his successor as leader of the Conservative Party in September.
- Mark Carney, the Governor of the Bank of England, issued a statement in which he said the Bank of England stands ready to provide more than £250 billion of additional funds through its normal facilities to support the function of markets. In addition, the Governor noted that the Bank is also able and prepared to provide substantial liquidity in foreign currency if required.
- The UK nominated EU commissioner responsible for financial services, Lord Hill, resigned with effect from 15 July 2016.
- The European Council convened on 28 June (scheduled prior to the referendum)

# Summary of Key Events

- The FCA released statement on 24 June: “Firms must continue to abide by their obligations under UK law, including those derived from EU law and continue with implementation plans for legislation that is still to come into effect”.
- UK’s two main political parties were thrust into the throes of leadership battles by the result.
- On 28 June 2016 the European Parliament passed a resolution calling for the UK to begin its Article 50 withdrawal proceedings immediately.
- EU Trade Commissioner, Cecilia Malmstrom has confirmed that no trade deal negotiations may take place until the UK has left the EU under Article 50.
- Theresa May has secured a significant number of votes in the first and second rounds of the Conservative Party leadership race, and is, at present, most likely to be the next Prime Minister of the UK. Theresa May’s opponent is Andrea Leadsom who helped lead the campaign for Brexit.
- The share prices of banks, house builders and many other firms have fallen significantly as a result of the Brexit vote.
- Sterling has fallen to lows not seen since 1985 and remains volatile.
- UK downgraded by some credit ratings agencies.

# Main Points

- Distinguish between the vote to leave the EU on 23 June and actual departure or Brexit.
- The result has no legal effect under either UK or EU law.
- The UK currently remains an EU member.
- UK is not part of the Eurozone and so UK leaving the EU should not be equated to an EU country leaving the Eurozone (remember Greece and Grexit in 2012?).
- The terms of the UK's future relationship with the EU will need to be negotiated. This is a source of significant uncertainty.
- A key factor is the extent to which the UK wishes to continue to benefit from any part of the EU single market which allows for the free movement of goods, services, capital and persons within the EU and freedom of establishment within the EU.
- Council members (28 June) have made clear that there can be no "cherry picking" i.e. no access to the single market without the corresponding obligation to allow free movement. This may make a deal based on continuing access difficult to square with the objectives of the "Leave" campaign.
- The EU Treaty provides a mechanism whereby a member state can withdraw from the EU. The mechanism has never been used before.



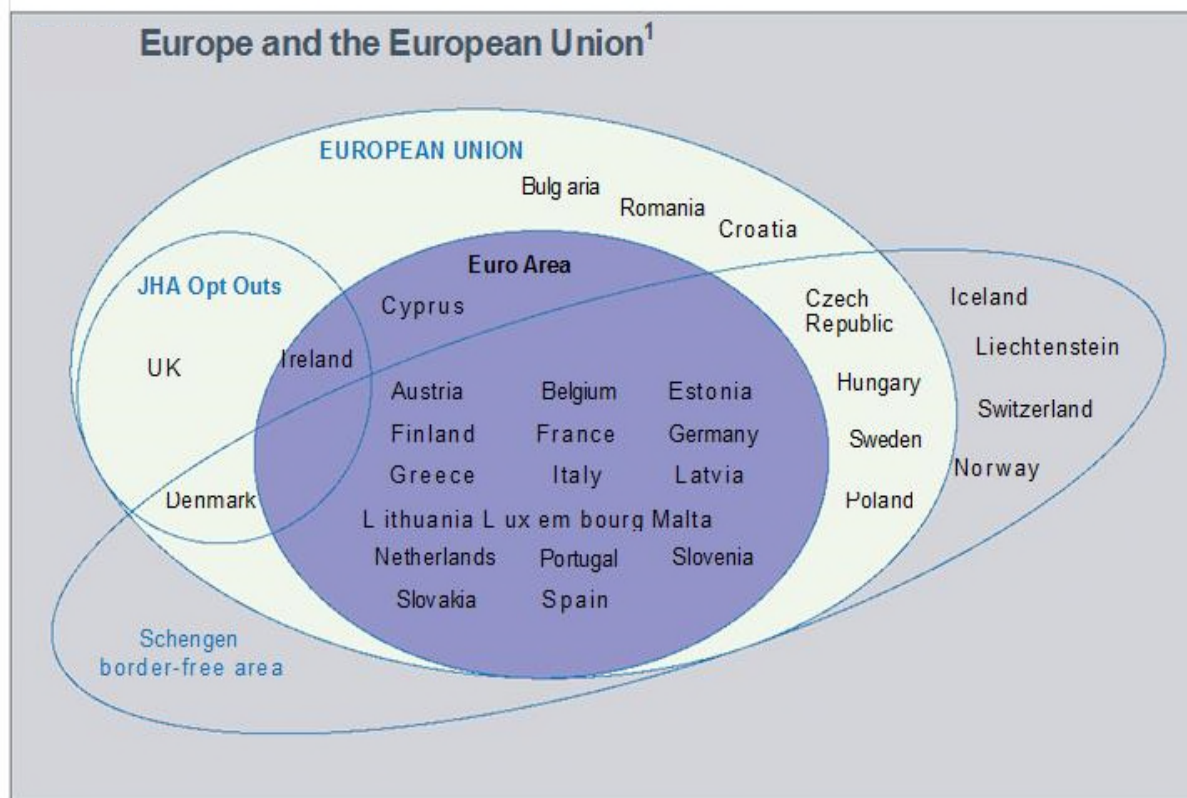
# Main Points

- UK government is in control of triggering the mechanism by formally notifying the European Council of its intention to leave the EU under Article 50 of the EU Treaty. As such, the resolution passed by the European Parliament on 28 June 2016 is of no real significance. The better view amongst UK constitutional lawyers is that parliamentary authority would be required: about 75% of Parliament (House of Commons) voted to remain in the EU.
- Negotiations on a withdrawal agreement would follow.
- The departure of the UK from the EU would take effect either on the effective date of the withdrawal agreement or in the absence of agreement two years after the Article 50 notice was served on the European Council by the UK Government unless the UK and all other 27 member states unanimously agree to extend the negotiation period.
- There are political motives for delaying the submission of the UK Government's withdrawal notice to the European Council.
  - delay may improve the mood of the negotiations due to come; and
  - it will take time to develop a framework and confidence in the ability of the UK and EU negotiating teams to reach an agreement within the 2 year time frame envisaged by Article 50.
- UK could ignore its obligations under the EU treaty and simply leave the EU by repealing the European Communities Act 1972. This would be perceived by the EU as a hostile act and is unlikely assuming UK government wishes to negotiate continuing benefits from the EU.

# Main Points

- UK could seek to amend the EU treaty in accordance with the ordinary and simplified revision procedures under Article 48. (Unlikely).
- Scotland would first need to win independence from the UK in a second Scottish referendum for it to join the EU in its own right but can exert political pressure on UK government to make it difficult for UK to leave and to negotiate a deal with EU which is helpful to Scotland.

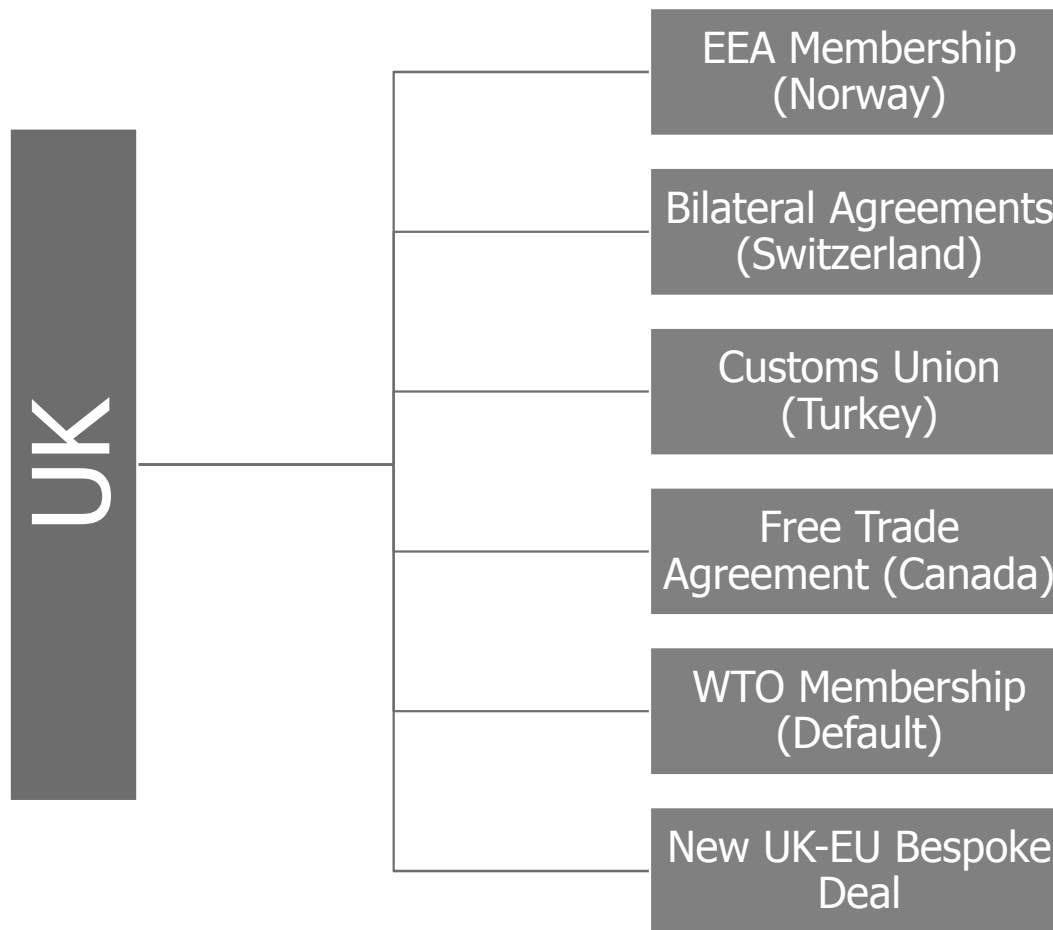
# Europe and the European Union Explained



Source: HM Government, March 2016

<sup>1</sup> Norway, Iceland, Liechtenstein and the 28 EU Member States comprise the European Economic Area. Switzerland, Norway, Iceland and Liechtenstein are members of the European Free Trade Association.

# Brexit – Potential Exit Models



# Brexit – Potential Exit Models

		Access to the Single Market in goods and services									
		Votes on EU law	Tariff-free trade	Customs Union and external trade	Level playing field for business	'Ever closer union'	Justice and Home Affairs (JHA)	Free Movement of People	Schengen border-free area	Contribution to EU financing	Eurozone membership
UK membership of the EU											
Standard EU membership											
Norway (non-EU EEA)											
Bilateral Agreements	Switzerland										
	Canada										
	Turkey										
WTO membership			a)		b)						

Legend	
Full	
Partial / voluntary / special arrangement	
None	

- a) Except where the EU has bound tariffs at zero per cent in WTO commitments.
- b) Except where the EU has made commitments under General Agreement on Trade and Services.

Source: HM Government, March 2016

# Brexit – Potential Exit Models

- UK may decide to operate side-by-side EU compliant and non-EU compliant financial services regulatory regimes domestically: an EU-compliant regime to facilitate UK access to EU and a much lighter regime to facilitate UK access to its sister third countries.
- The remainder of this presentation assumes that were Britain to leave the EU, it would not join the European Economic Area (EEA) or negotiate a UK-EU deal giving it continuing access to the single market.



# Implications for the Financial Services Sector – Passporting

- According to the European Banking Authority (EBA), there are more than 2,000 UK investment firms carrying on MiFID business which benefit from an outbound MiFID passport.
  - Nearly 75% of all MiFID outbound passporting by EEA firms is undertaken by UK firms into the EEA.
  - 2,079 UK firms use the MiFID passport to access markets in other EEA countries.
  - More than 50% of all investment firms authorised under MiFID are based in the UK.
  - These figures suggest that continental consumers stand to lose more from a Brexit than their UK counterparts in terms of the cross-border provision of financial services. This may prove useful in UK Brexit negotiations.
- In the event of a Brexit, the passporting regime will, broadly, cease to apply to UK authorised firms. In other words:
  - Firms will not be able to conduct fund management or investment business activities in the remaining EEA (rEEA) Member States on a cross-border basis or through local branches, unless locally authorised.
  - Firms will not be able to market UCITS and AIFs across the rEEA on a passported basis and will need to use NPPRs on a country-by-country basis.
  - Many UK investment firms would need to consider whether to establish operations elsewhere whilst retaining a UK entity.
- rEEA firms would need to be authorised in the UK to be able to conduct fund management or investment business activities in the UK and would need to use the UK NPPR in order to market funds to UK investors.

# Implications for the Financial Services Sector – AIFMD



- Possible outcomes for UK AIFMs are:
  - the UK becomes a Member of the EEA: passporting rights should continue and the position for UK AIFMs should remain unchanged;
  - the UK does not join the EEA but the AIFMD is extended to the UK as a 'third country':
    - UK AIFMs would continue to benefit from fund management and marketing passporting rights, subject to submitting to authorisation and supervision by the regulator in a EU 'member state of reference';
    - Passporting rights would not extend to investment services activities e.g. separate account discretionary management and investment advice (although this could possibly be alleviated through an third country extension of MiFIR);
    - rEEA firms would not be able to passport into the UK and would have to use the UK NPPR to market funds to UK investors but the UK NPPR is not onerous;
  - the UK does not join the EEA and the AIFMD is not extended to the UK as a 'third country':
    - UK AIFMs would lose passporting rights and would need to be authorised in each EU country in which they carry on fund management activities or (subject to any third country extension of MiFIR) investment services activities e.g. separate account discretionary management and investment advice;
    - UK AIFMs will need to use NPPRs on a country-by-country basis to market their funds to EU investors;
    - rEEA firms would not be able to passport into the UK;
    - UK AIFMs would not be in a position to provide an 'AIFMD regulated' product to investors.
- The above outcomes are subject to any special deal which the UK may negotiate with the EU, which might produce other scenarios.
- The AIFMD third country extension offers a hybrid passporting possibility to fund managers which is not available in other sectors of the market.

# Implications for the Financial Services Sector – AIFMD (2)



- Unlike many other directives, AIFMD permits its regime to be extended to non-EU managers.
  - UK already has a compliant regime in place.
- UK AIFMs could remain authorised under AIFMD and could continue to use marketing and management passports. This option is subject to a positive opinion from European Securities and Markets Authority (ESMA) and a decision by the EU Commission.
  - a positive opinion and a decision by the EU Commission will likely turn on the political sentiment as Brexit negotiations take place.
- UK AIFMs using this option would need to apply for authorisation in an rEEA 'member state of reference':
  - authorisation by regulator in rEEA 'member state of reference' would involve regulation and supervision by another rEEA regulator in compliance with AIFMD for funds managed or marketed in rEEA countries;
  - choice of 'member state of reference' would not be a free choice;
  - note that the approach to the application and interpretation of the AIFMD by the rEEA regulator and the local rules and guidance (e.g. in relation to application of remuneration principles) may differ from that of the FCA;
  - it would be necessary to establish a legal representative in the member state of reference to be the point of contact between the manager and rEEA regulators and rEEA investors;

# Implications for the Financial Services Sector – AIFMD (3)



- Legal representative would be required to perform the compliance function relating to funds managed or marketed in rEEA countries.
- UK would be excluded as a forum for settling disputes with rEEA investors, as disputes with rEEA investors in a fund managed/marketed by a manager using a non-rEEA manager passport would need to be “settled in accordance with the law of and subject to the jurisdiction of a Member State”.
- The UK would need to enter into regulatory cooperation agreements and OECD model tax information exchange agreements with rEEA countries
- An AIFMD third country extension would not entitle UK AIFMs to obtain passports for MiFID investment services in order to provide segregated client portfolio management and/or advisory services into the UK.
- AIFMs carrying on MiFID investment services would need to:
  - consider whether those services are in fact being provided within an EEA member state and whether local authorisation is required.
  - this would mean the re-establishment of the position prior to the Investment Services Directive (the precursor to MiFID in the mid 1990s).
- Private placement regimes for marketing funds in EEA countries are subject to review by ESMA in 2018; it is possible that that review may lead to PPRs being withdrawn.

# Implications for the Financial Services Sector – AIFMD (4)



- For non-EEA AIFMs (e.g. US Fund Managers), a UK exit from the EU should not have a significant impact:
  - UK government is likely to keep AIFMD regime in place, at least for the short-term.
  - longer-term, it is possible that the AIFMD marketing notification regime in the UK may be removed.
- So, non-EEA AIFMs marketing funds into the UK will continue to be able to use the UK private placement regime which will either consist of the financial promotions regime overlaid by the AIFMD notification regime (as at present) or just the financial promotions regime.
- Following an exit, the UK private placement regime could survive even if the Commission determines (following the ESMA review due in 2018) to remove the option for EU member states to have private placement regimes.
- BUT, if the AIFMD is extended to, say, US managers, US managers would not be able to use the UK as an EU “hub” in which to be authorised in order to carry on EU fund marketing and management on a passported basis.

# Implications for the Financial Services Sector – UCITS



- A UCITS fund must be EEA domiciled as must its management company.
- Currently, both UCITS funds and their EEA managers benefit from a marketing and managing passport, respectively.
- After a Brexit, UK UCITS Funds or funds previously under the UCITS regime and their UK based managers would cease to qualify for the UCITS passports.
  - Consideration would need to be given to migrating the UK fund and its UK manager to an rEEA member state to continue to benefit from the use of the UCITS passports. It has been suggested that the most favoured locations are Dublin, Luxembourg, and Malta.
- Alternatively, UK manager could set up a UCITS in an EU gateway hub using a local affiliate as manager or by hiring a local external contractor to act as the manager or instead set up a self-managed fund:
  - The new fund could then appoint UK manager as its delegated investment manager.
  - As per, UCITS V draft guidelines, UCITS management company must ensure that delegated investment manager is subject to remuneration policies equivalent to those in UCITS V or agree to meet them on a contractual basis.



# Implications for the Financial Services Sector – UCITS (2)



- Non-UCITS funds would become subject to AIFMD regime instead of UCITS regime.
  - Subject to additional restrictions.
  - Unavailable to most types of retail investor.
- rEEA UCITS funds would no longer have approval to access the UK retail markets.
- However, the process should (we hope) be relatively simple for rEEA UCITS to obtain the necessary FCA recognition for retail marketing in the UK.

# Implications for the Financial Services Sector – MiFID



- MiFID gives EEA investment firms authorised in their home EEA country a passport to conduct cross-border business and to establish branches in other EEA countries, free from additional local authorisation requirements.
- In addition, MiFID prohibits member states from imposing any additional requirements in respect of MiFID-scope business on incoming firms that provide cross-border services within their territory, but does allow host territory regulators to regulate passported branches in areas such as conduct of business.
- UK-regulated firms that undertake MiFID business would no longer be able to rely on the passport to undertake MiFID business in the rEEA.
- Conversely, rEEA firms would no longer be able to undertake MiFID business in the UK.

# Implications for the Financial Services Sector – MiFID (2)



- However, in contrast to UCITS, the third-country regime indicated by MiFID II may act to modify these outcomes for the better.
- The impact on the provision of cross-border MiFID investment services might be diluted by the regime under MiFID II permitting non-EEA firms, i.e. third country firms, to provide investment services such as portfolio management to professional clients on a pan-EEA basis upon registration with ESMA (Article 46 (1) MiFIR).
- ESMA will only register a third country firm where the following conditions have been met:
  - (i) The European Commission makes an equivalence decision under MiFID II;
  - (ii) Cooperation agreements have been established with ESMA; and
  - (iii) The firm is authorised in the jurisdiction in which its head office is established to provide the relevant investment services or activities, and is subject to effective supervision and enforcement ensuring full compliance with the requirements applicable to that third country.
- Registration with ESMA is not an immediate solution.
  - Timing highly uncertain – not before January 2018, which is when MiFID II is scheduled to come into force. In addition further time would be required to secure the necessary equivalence decision and registration with ESMA, both of which will have their own political complications.

# Implications for the Financial Services Sector – MiFID (3)



- The process for applying for third-country registration with ESMA is as follows:
  - first, and prior to any application, the Commission must have adopted a favourable equivalence decision relating to the relevant third country. Equivalence may be deemed where the prudential and business conduct framework of a third country satisfies the following conditions:
    - firms providing investment services and activities in that third country are subject to authorisation and to effective supervision and enforcement on an ongoing basis;
    - firms providing investment services and activities in that third country are subject to sufficient capital requirements and appropriate requirements applicable to shareholders and members of their management body;
    - firms providing investment services and activities are subject to adequate organisational requirements in the area of internal control functions;
    - firms providing investment services and activities are subject to appropriate conduct of business rules;
    - it ensures market transparency and integrity by preventing market abuse in the form of insider dealing and market manipulation;
  - the UK should be well placed to meet the equivalence test enabling authorised investment firms to continue to market to professional clients on substantially the same basis as under MiFID passports.
  - the applicant will then provide ESMA with all information necessary for registration.
  - ESMA has 30 working days from receipt of the application to assess whether it is complete. If the application is not complete, ESMA will set a deadline by which the firm must provide additional information.
  - ESMA will inform the firm within 180 days of submission of a complete application whether it has granted or refused registration.

# Implications for the Financial Services Sector – MiFID (4)



- In the absence of being able to register with ESMA:
  - UK firms will need to consider the regulatory perimeter in each rEEA member state in which the firm wishes to undertake business.
  - rEEA firms will need to consider the UK perimeter and identify what activities by them in the UK would encounter a registration requirement locally in the UK.

# Implications for the Financial Services Sector – EMIR



- EMIR is the product of an international initiative by the G20 at the Pittsburgh Summit in the wake of the Great Financial Crisis and so the UK is unlikely to want to unravel EMIR.
- EMIR applies to undertakings in the EEA (except in the case of AIFs, wherever established, where it is the regulatory status of the manager under AIFMD which is key), who are counterparties to a derivative transaction that qualify as “financial counterparties” or “non-financial counterparties.”
- Post Brexit UK undertakings would no longer be in the EEA and UK undertakings that are financial counterparties/non-financial counterparties would become third country entities under EMIR.
  - This is judged by the location of the client (investor) rather than the location of the investment manager, and will not, for the most part, be affected by the UK manager ceasing to be an EEA firm.
  - However, UK authorised UCITS and AIFs managed by UK authorised UK AIFMs will become third country entities.
- Post Brexit, UK and other third-country undertakings will be subject to a number of EMIR provisions, but only where they deal with EU-based counterparties, such as certain risk mitigation requirements and the clearing obligation.
- The trade reporting obligation under EMIR does not apply to third country entities. UK government would need to decide whether to keep/introduce similar reporting requirements domestically given the size and importance of the UK derivatives market.
- Exemption from upcoming mandatory clearing requirement for UK pension scheme trustees would cease to apply. Accordingly, UK pension schemes would no longer be able to rely on the EMIR exemption when entering into an OTC derivative contract with an EEA counterparty.



# Implications for the Financial Services Sector – EMIR (2)



- UK undertakings that became third country entities would be required to determine whether they would be financial counterparties or non-financial counterparties if they were established in the rEEA, an exercise which would be straightforward.
- Post Brexit UK clearing counterparties (CCP) would become third country CCPs as they would no longer be established in the EU, no longer able to meet their conditions for authorisation under EMIR, and no longer able to clear mandatorily clearable contracts as required under EMIR.
- Under EMIR, third party CCPs can only provide clearing services to clearing members or trading venues established in the EEA where that CCP is specifically recognised by ESMA.
  - This would require:
    - CCPs operating out of London to apply to ESMA for recognition.
    - European Commission to pass an implementing act on the equivalence of UK's CCP regulatory and supervision regime to EMIR.
    - Relevant cooperation agreements to be put in place between the rEEA and the UK.
  - Overall this is likely to be a lengthy process. However, it is feasible given the UK regulatory regime is based on EMIR, and unlikely to change in the coming months.
  - However, financial institutions based in rEEA will certainly want to continue to access UK regulated markets and CCPs.

# Implications for the Financial Services Sector – EMIR (3)



- UK undertakings that are financial counterparties/non-financial counterparties would further cease to be subject to EMIR's risk mitigation obligations directly, unless their contracts were deemed to have "direct, substantial and foreseeable effect in the EU, or to be used for the purposes of evasion".
- However, such UK undertakings would remain subject to EMIR risk mitigation rules indirectly when transacting with UK counterparties, as those EU counterparties would require non-EU contracting parties to comply with EMIR obligations.
- UK currently clears euro denominated derivatives despite being outside the Eurozone. This has already proved unpopular with the EU and certain member countries wish such clearing to be undertaken by Eurozone CCPs only especially on a Brexit.

# Implications for the Financial Services Sector –MAR



- Brexit did not affect the implementation of the EU Market Abuse Regulation (“MAR”) in the UK, which came into force throughout the EU (including the UK) without any requirement for national regulation on 3 July 2016. Certain provisions relating to OTFs, SME growth markets, emission allowances or auctioned products based on those allowances due to come into force in line with commencement of MiFID II on 3 January 2018.
- MAR applies to persons whenever located (inside or outside the EU) in relation to behaviour governing financial instruments admitted to trading on any EU trading venue.

# Brexit- What Can You Do Now?

- Monitor Brexit developments as they unfold and plan for identified possible scenarios.
- Review contracts:
  - Jurisdictional scope of contracts may be limited.
    - The definition of “EEA” may need to be redefined to continue to cover the UK in the event of a Brexit.
  - Investment Strategies may require updating.
    - Investment strategies that permit investments in the EEA may need to be amended in order for investments in the UK to continue to be permitted.
  - Force Majeure implications.
    - Uncertainty may drive parties to look for an exit from contracts that are no longer profitable or underperforming.
    - EU law provisions may render contracts incapable of being performed as originally anticipated.
    - Parties looking for flexibility in such circumstances should consider including Brexit in their force majeure provisions.
  - Termination rights.
    - those wishing for the option to withdraw from potentially loss making contracts should consider drafting termination rights which will apply in the event of a Brexit – i.e. consider drafting and quantifying withdrawal rights in the event of an inability to continue to provide services or a ‘material adverse financial event/downturn’ in the markets.

\* Please note, the above list is not intended to be exhaustive.

# Planning Ahead- What Should You Be Considering?

- What does a potential Brexit mean for your business?
  - Long-term planning is not currently feasible. However, identifying where issues may arise will help clarify the muddy waters in the days to come.
- The media
  - How you will respond to press coverage or stakeholder enquiries?
- Annual Reports
  - Consider the timing of your next annual report, will it need to address Brexit? If so, how?
- Exchange rate volatility
  - Check your exposure to forex risks (including payment obligations, funding requirements, liabilities, partnership expenses, revenues and location of funds etc).
- Employees
  - If there is a vote to leave, employees will understandably be concerned about what a Brexit means for them. How will you approach these discussions? Will you seek to communicate with employees and 'Key Persons' in advance?
  - How will you tackle any immigration issues that may arise?
- Contracts
  - Review contractual provisions, paying particular attention to: distribution arrangements, jurisdictions, investment strategies, "EEA", redemption, force majeure and termination.

# Brexit – Further Information

- For further information on the potential impact of Brexit, please see our external Brexit resource centre.
- Topics we discuss include:
  - **Arbitration** (Authors: Nicholas Greenwood, Jessica Piper);
  - **Bonfire of the Legalities?** (Author: Bruce Johnston);
  - **Data Protection** (Authors: Pulina Whitaker, Matthew Howse);
  - **Employment and Labour law** (Authors: Matthew Howse, Pulina Whitaker);
  - **European Life Sciences** (Authors: Izzet Sinan, Marcus Herrmann, Paul Ranson, Stephen Walters, Brian Zimble);
  - **Immigration** (Authors: Tracy Evlogidis, Nicholas Hobson, Jennifer Connolly);
  - **Impact on Financial Services Sector** (Authors: Simon Currie, William J. Yonge);
  - **IP Considerations** (Authors: John L. Hemmer and Anita B. Polott);
  - **Listing of Securities on the LSE** (Authors: Carter Brod, William J. Yonge);
  - **Litigation** (Authors: Nicholas Greenwood, Paul Mesquitta); and
  - **Tax** (Author: Kate Habershon)

<https://www.morganlewis.com/topics/brexit-resource-center>



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# Biography



## Simon Currie

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Simon Currie advises clients on securities and financial services regulatory issues in relation to the investment industry, with a particular focus on fund managers and non-Undertakings for Collective Investment in Transferable Securities investment funds.

Simon's work includes counseling on the application of EU single-market directives, the UK Financial Services and Markets Act 2000, and the rules of the Financial Conduct Authority, including authorization applications, conduct of business issues, prudential and capital requirements, organizational controls, conflicts, remuneration requirements, customer documentation, new product development, marketing and financial promotions, changes of control, collective investment schemes, the management of alternative investment funds, and general compliance issues. He has been closely involved in advising on the regulatory regime introduced by the Alternative Investment Fund Managers Directive (AIFMD), both during and following its legislative process and subsequent transposition and implementation.

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# Biography



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With a focus on investment advisers and other financial services firms, Tim counsels clients on the design, development, and management of pooled investment vehicles and investment advisory programs. He also advises fund managers in connection with organization, registration, and ongoing regulatory compliance. Additionally, he represents managers and sponsors of unregistered pooled investment vehicles. He is the managing partner of Morgan Lewis's Philadelphia office.

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John J. "Jack" O'Brien counsels registered and private funds and fund managers in connection with organizational, offering, transactional, and compliance matters. He regularly works with a variety of different fund structures, including open-end and closed-end funds, exchange-traded funds, and hedge funds. He also counsels investment adviser and broker-dealer clients on various matters, particularly with respect to registration and disclosure, marketing regulations, pay-to-play issues, and transactions in exchange-traded funds.

# Biography



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William Yonge provides financial services, securities, and derivatives regulatory advice. Clients include asset managers across a wide range of asset classes and their funds, broker-dealers, corporate finance firms, Fintech firms, institutional investors, insurers, lenders, and market associations.

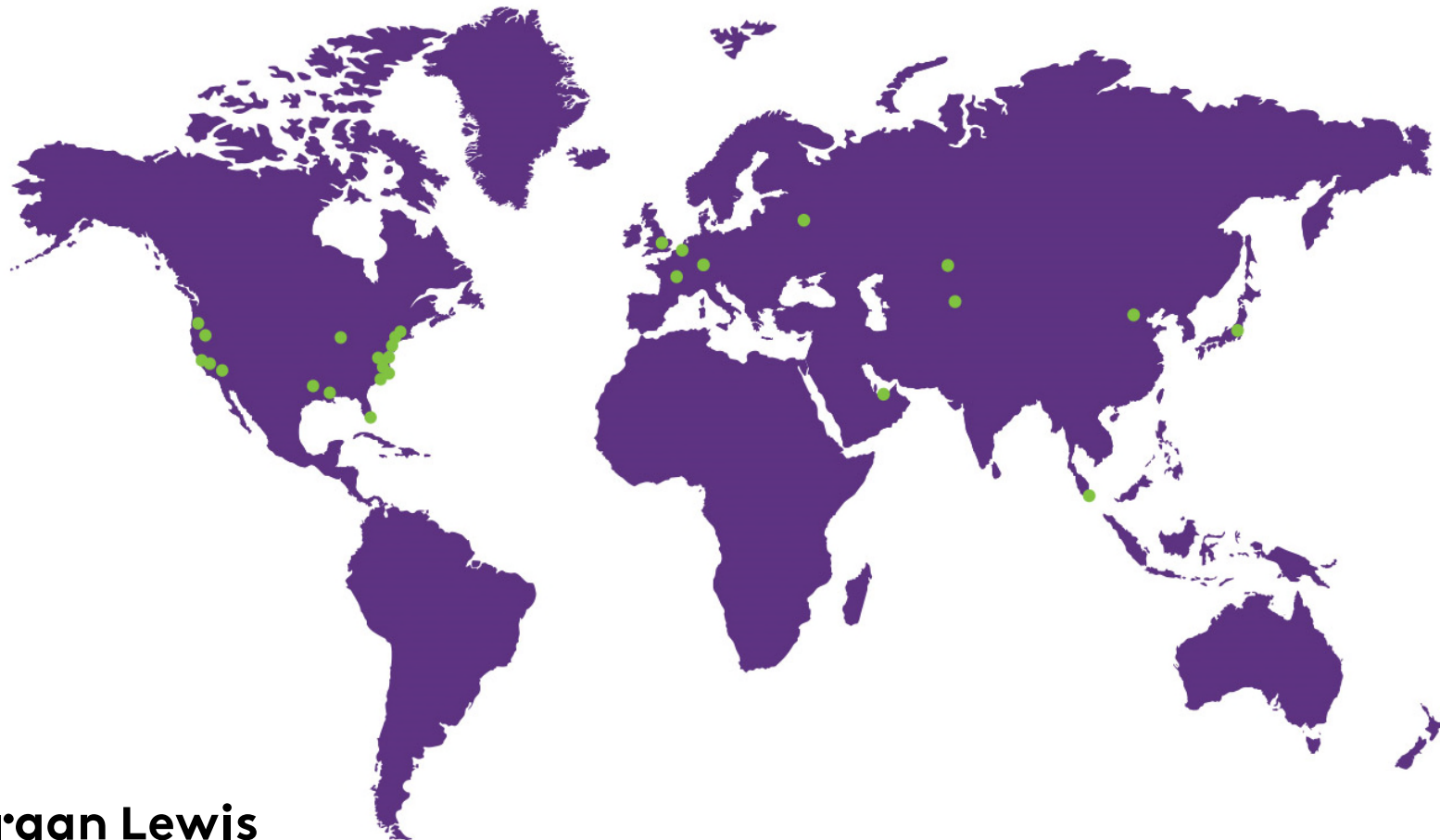
William has up-to-date insight into proposed and current European legislation including: the Alternative Investment Fund Managers Directive (AIFMD); the Markets in Financial Instruments Directives (MiFID I, MiFID II); the Capital Requirements Directive (CRD); the European Market Infrastructure Regulation (EMIR); the Undertakings for Collective Investment in Transferable Securities Directive (UCITS); and the Short Selling Regulation.

## Our Global Reach

Africa  
Asia Pacific  
Europe  
Latin America  
Middle East  
North America

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