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Mergoni (Banor Capital): "Brexit? It's not too early to think about it"

by Maddalena Liccione



Giacomo Mergoni, CEO of **Banor Capital Ltd**

The European Union and Great Britain have reached an agreement in principle on the **"transition period"** during which, at the end of the Brexit negotiations on 29 March 2019, nothing will change until 31 December 2020. That is, for nearly two years. This means more time to discuss the future economic and commercial relations between London and Europe. Although there is still a long way to go "it's not too early to start thinking about Brexit, and in fact some people believe it's almost too late," explains **Giacomo Mergoni**, CEO of **Banor Capital Ltd**. "That's especially true for those who have not taken any precautions and are not reacting in any way." The manager admits that his company began to prepare some time ago when, almost inadvertently, they acquired **a European licence in Luxembourg**. "We are now expanding on that with our private equity and real estate business, in addition to liquid funds, and therefore **we have a back-up in the extreme case that the outcome of the Brexit negotiations is negative**".

The likeliest scenario

Mergoni hopes that they will not have to use a European licence to keep operating. "The middle-of-the-road scenario, the likeliest, is that the EU and the UK will reach an agreement around the **concept of equivalence**", he explains. Philip Hammond has already suggested to Europe not to adopt just equivalence, which would mean asking the UK to submit passively to any decision on financial services taken in Brussels. "Hammond proposes going beyond this concept of equivalence and **mutually recognising each other**, that is, as equivalent from a

regulatory perspective. It's a sort of reciprocal blank cheque," says the CEO.

Initially, it seemed that Brussels, which was firmly against the financial passport, was at least in favour of equivalence. This would put the EU in a position of strength as equivalence can be obtained after only a short notice and also because the UK would be obliged to comply with the rules without having any say in the matter.

In the meantime, negotiations continue, but "the point is that there is little time and, given the uncertainty – and businesses that are heavily regulated like ours do need certainty – many are applying for licences in continental Europe. I believe **we will continue to do business and to have access to the European market from London, but it will be more complicated and more costly than before**", concludes Mergoni.