

Press release

30 January 2020

ECB welcomes ratification of agreement on orderly UK withdrawal from European Union

- ECB regrets United Kingdom leaving European Union
- Central bank prepared for all contingencies, and monitoring financial market developments
- Banks now need to press ahead with implementation of Brexit plans

The European Central Bank (ECB) expressed regret that the United Kingdom is leaving the European Union. However, the ECB welcomes the ratification of the agreement on an orderly UK withdrawal. In recent months and years, the ECB has taken steps to prepare for all contingencies and it will continue to closely monitor developments in financial markets to preserve stability. The ECB stresses that banks now need to press ahead with the implementation of their Brexit plans in accordance with agreed timelines.

The ECB's President, Christine Lagarde, said: "It is with great regret that we see our British friends leave the European Union. This agreement, however, will pave the way for an orderly and less disruptive departure. We will work hard to ensure Brexit causes as little disruption as possible for the citizens, employers and financial markets in the euro area and the rest of the EU."

Specifically, the ECB has made the following preparations:

- The ECB and the Bank of England activated a currency swap arrangement in March 2019, through which the Bank of England offers to lend euros to UK banks on a weekly basis. As part of the same agreement, the Eurosystem would stand ready to lend pounds sterling to euro area banks if the need arises. This will reduce possible sources of stress in the financial system.
- In banking supervision, the ECB processed around 25 licensing procedures for banks relocating to the euro area and assessed the Brexit plans of 42 euro area banks that will maintain their UK branches after the United Kingdom leaves the EU. The ECB now expects banks to implement their

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plans in line with the commitments they made in the past – including the implementation timelines they agreed with their supervisors.

- The ECB and its UK counterparts have taken steps to ensure continued good cooperation in the area of banking supervision, also after the transition period ends. For this, a memorandum of understanding was agreed that will allow supervisors to continue exchanging information and to coordinate the supervision of cross-border banking groups.
- The Bank of England will leave the European System of Central Banks. The Bank of England's current share in the ECB's subscribed capital, which stands at 14.3%, will be reallocated among both the euro area national central banks (NCBs) and the remaining non-euro area NCBs on the basis of an updated key for subscription to the ECB's capital. A separate [press release](#) has been issued.

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