

# French preparation for a “no deal” Brexit

Following a referendum on 23 June, 2016 in which British citizens voted to leave the European Union (EU), the UK initiated the EU withdrawal procedure under Article 50 of the Treaty on European Union and is currently scheduled to leave the EU on 29 March, 2019.

This decision has generated legal and economic uncertainty for EU Member States and there have been lengthy negotiations between the UK and the EU since Article 50 was invoked.

An agreement was reached between the UK and the EU on 25 November, 2018 but it was rejected on 15 January, 2019 by the UK Parliament.

France, meanwhile, has prepared a legal framework to deal with the possibility of a “no deal Brexit”.

On 3 October, 2018, the French government presented a bill authorizing the government to take the necessary measures in a wide variety of areas including the following:

- the right of entry and residence of British citizens in France, to prevent a British citizen living in France from finding themselves in an unregulated situation on 30 March, 2019;
- allowing British citizens who have undertaken a salaried professional activity in France to continue their activity;
- the transport of passengers and goods between the UK and the EU;
- recognition of contributions to the British pension plan paid by French citizens;
- mutual recognition of diplomas held by British and French citizens;
- the access of French entities to the interbank payment and settlement systems of third countries, including the UK as of the date of its withdrawal. It would be sensible, where appropriate, to make certain British payment systems (CLS, CHAPS and CREST) benefit from the protections provided under the Settlement Finality Directive of 19 May, 1998; and

- the continuity of contracts: in the absence of an agreement, UK financial sector institutions would become third country companies and thus lose their European passport. They would no longer be allowed to provide new banking and financial services in the EU. The draft law provides for the possibility of taking measures to ensure the continuity and the proper execution of contracts in progress.

The bill was considered by the French Senate on 6 November, 2018, adopted by the French Assembly on 10 December, 2018 and then revised by a joint commission of members of the Senate and the Assembly on 18 December, 2018. The joint commission approved the scope of intervention granted to the government. On 16 January, 2019, the French Assembly finally adopted the bill, followed by the French Senate on 17 January, 2019.

The amendments specify the conditions under which the ordinances should be taken. They would apply in the event of a “no deal Brexit” if the UK withdrawal agreement is not ratified (in the absence of any bilateral treaties or agreements between France and the UK). The measures set out various conditions which would:

- allow British citizens residing legally in the French territory at the moment of the UK’s withdrawal to remain in France;
- ensure the continuity on French territory of economic activities linked to the UK, by ensuring to preserve the attractiveness of France for British citizens called upon to exercise a professional activity within corporations which have made the choice to develop their activity in France;





- allow agents and interns of British nationality working in the public sector and hired before the date of withdrawal of the UK to remain in France; and
- ensure the continuity of the flow, from and to the UK, of goods and people by guaranting a high level of security in France.

Following the UK Parliament's rejection of the Brexit agreement, the prospect of a no deal Brexit is becoming more likely. France plans to use all its legal procedures to prevent any negative consequences that may result.

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