

Romania: Financial Supervisory Authority's position on 'no-deal' Brexit



On 20 March 2019, the Romanian Financial Supervisory Authority (the “FSA”) formally clarified its position on the fate of UK entities acting in the non-banking financial services market in Romania in the event of a ‘no-deal’ Brexit.

In a nutshell, the FSA confirmed that in the event of a hard Brexit, UK entities operating in the non-banking financial markets will qualify as a third country entity and will no longer be authorised to carry out activities in Romania on the basis of freedom of services or the right of establishment (through branches).

Such entities will be able to operate on Romanian territory only subject to prior authorisation in accordance with the procedure provided by law for third country entities.

The FSA further recommended that UK entities operating in the Romanian non-banking financial market, which will be affected by the UK's new status, should already start implementing measures, including administrative measures, to ensure continuity of services and consumer rights protection.

In this context, the FSA urged such entities to ensure the timely provision of clear information to clients whose contracts may be affected, mentioning at least: the impact of the UK's withdrawal from the EU on the respective contract; the actions which such entity will take to minimize a potential negative impact; the risks and contractual rights of the consumers; and contact details for additional information.

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