

大成 DENTONS

# Brexit Jargon Buster







## **Agencies**

European Union agencies regulate a number of regimes for goods and services; the European Chemicals Agency in Helsinki regulates chemicals and biocides; the European Medicines Agency, formerly in London is now relocated in Amsterdam responsible for the scientific evaluation, supervision and safety monitoring of medicines in the EU; the European Aviation Safety Agency.

## **AIFMD**

The Alternative Investment Fund Managers Directive. This EU Directive regulates the managers (AIFMs) of alternative investment funds (AIFs). AIFMD includes passporting rights (see separate definition) for EU AIFMs to market funds across the EU. The Directive also contains provisions allowing non-EU AIFMs to become part of the passporting regime by way of a 'third country passport' (see separate definition) which may, in the future, provide a means for UK AIFMs to retain passporting rights post-Brexit.

## **Competition law**

Competition laws of the EU are set out in the TFEU. They are a very important aspect of the single market. The European Commission is tasked with developing policy and enforcing the law ensuring that the European Union remains free from business practices that could ultimately be harmful to competition and consumers. In doing so, the Commission works with national competition authorities which are obliged also to apply EU competition law as well as domestic law. Particular emphasis is placed on ensuring businesses do not enter into anti-competitive agreements or abuse dominant positions in markets; the consequences of doing so can be severe.

The European Commission also assesses very large mergers and state aid. The CMA will add the latter regime to its responsibilities post-Brexit

### **Article 50 (Lisbon Treaty)**

The formal mechanism for exiting the European Union, Article 50 allows a member state to notify its intention to leave the EU, and then obliges the EU to negotiate a 'withdrawal agreement' with that state. Once invoked, there is a period of 2 years within which to conclude negotiations on separation from the EU. If, at the end of that time, conclusive agreement on seceding has not been reached, the member state leaving will be removed de facto with no agreements in place at all, unless all 27 member states agree to an extension (this could include regional parliaments in territories such as Belgium!).

### **Acquis or Acquis Communautaire**

French term which means, in this context, all the body of European Union laws. For example, on joining the EU a state has to accept the acquis. On leaving the UK will in line with the European Union Withdrawal Act retain the acquis subject to some minor changes.

### **Alignment**

As in regulatory alignment; keeping rules and regulations in relation to trade in goods and services sufficiently similar to the EU, though not necessarily identical.

### **Australian Points System**

The points-based immigration system which scores applicants on profession, qualifications, level of English, and requires them to be aged under 50. At least 60 points must be scored to qualify for entry. It had been suggested by many Brexit campaigners as a viable model for UK policy.



## **Backstop**

During the Transition Period the UK and the EU plan to negotiate a comprehensive future relationship that will maintain a fully open Irish border. The backstop is a kind of safety net - a way of avoiding a hard border if the future deal has not been agreed in time. In the Withdrawal Agreement, it is set out as a single customs territory covering the EU and the whole of the UK, but Northern Ireland would also have to follow other EU rules in particular those that ensure a level competitive playing field. The EU and UK have said that the backstop should only be a temporary arrangement until a permanent solution is found. However, should no such solution be found or if the EU does not agree such a solution, the fear is that the UK would have no way of bringing that situation

## **Brexit**

Portmanteau of 'British exit' (from the European Union); due to commence with the triggering of Article 50 before the end of March 2017.

## **Brexit Day**

29 March 2019: the day when the UK is due to leave the European Union at midnight Brussels time (11pm in the UK).

## **Blind Brexit**

Leaving the EU without knowing what kind of trade deal the UK might have with the EU after the transition period. This should be eased by the Political Declaration.

## “Brexit means Brexit”

A catchphrase of Prime Minister, Theresa May, underscoring that the will of the majority of people voting in the Referendum will be implemented but, as yet, giving no more meaning.

## BRINO

Brexit in name only.

## Britain Stronger in Europe

The official campaign group in favour of remaining within the EU during the referendum.



## Cake (in having your cake and eating it)

Having all the benefits of EU memberships after leaving but without the obligations and costs.

## Canada Plus

There has been some discussion on the UK adopting the Canada plus model after leaving the EU. This would be based on the EU's free trade Agreement with Canada (CETA) Which is the most extensive trade agreement concluded by the EU. The "plus" refers to additional services which the UK would have liked to include in terms of market access. Change Britain

The Eurosceptic pressure group which now urges the UK Government to initiate the process of Brexit. Official successor to Vote Leave.

## **Chequers plan**

The UK Government's proposals published in July 2018 to establish a common rulebook for goods but not services, with maximum facilitation. It was agreed at Chequers, the official country residence of the Prime Minister but regulated by the EU in November.

## **Common Agricultural Policy**

Often referred to simply as 'CAP'. A controversial set of subsidies and support packages for Europe's 12 million farmers. Currently accounting for around 40% of EU spending, the scheme includes funding for rural development projects and incentivised payments for farmers who meet certain objectives, and currently accounts for 55% of UK agricultural income.

## **Common Fisheries Policy**

A policy aimed at providing long-term support for fishing communities by working to prevent the overfishing of various species of fish through the imposition of quotas. Fishing of species considered vulnerable is strictly regulated until data suggests they have returned to sustainable levels.

## **Common Foreign & Security Policy**

EU-wide policy covering all aspects of the Union's security, diplomacy and defensive action. Decisions taken under the policy require unanimity among member states in the Council of the European Union. However, once agreed, certain aspects can be further decided by qualified majority voting.

## **Canada-EU Comprehensive Economic and Trade Agreement (CETA)**

A freshly negotiated and now signed EU-Canada treaty; it aims to remove customs duties, end restrictions on access to public contracts, open-up the services market, offer predictable conditions for investors and help prevent illegal copying of EU innovations and traditional products. It aims to uphold Europe's standards in areas such as food safety and worker's rights. It also contains all the guarantees to make sure that the economic gains do not come at the expense of democracy, the environment or consumers' health and safety. It took 7 years to negotiate.

## **Council of Europe**

Not to be confused with the European Council or the Council of the European Union. In fact, it is nothing to do with the European Union institutions. It is an independent and leading human rights organisation based in Strasbourg. It currently has 47 member states, including all 28 members of the European Union, incidentally including Russia.

## **Council of the European Union**

Often referred to as the Council of Ministers, it works alongside the European Parliament in debating and amending policy recommendations received from the European Commission. It comprises ministers from each member state with responsibility for the policy area under consideration and, together with the Parliament, acts as the EU's legislative arm.

## **Crown Dependencies**

Collective name for the Isle of Man, Jersey and Guernsey, which are not a part of the United Kingdom, the British Overseas Territories or the EU; but are territories for which the United Kingdom is regarded as being responsible. They have always enjoyed a special relationship with the EU, upon which their economies have become heavily dependent. Their populations were not given a vote in the referendum and this was one reason passionate local campaigns were begun. Their status remains uncertain in the wake of the result.

## **Customs Declaration**

An official document that lists and gives details of goods that are being imported or exported. In legal terms, a customs declaration is the act whereby a person indicates the wish to place goods under a given customs procedure.

## **Customs Union**

A customs union between states means they charge the same tariffs on imports from other states; they have a common external tariff to the rest of the world.



## **DEXEU**

Department for Exiting the European Union - the Ministry set up to handle and coordinate the negotiations to take the UK out of the European Union and establishing the future relationship with the EU.

## **Directive**

One of two principal forms that EU legislation takes (the other being a regulation). Where issued, EU directives are applicable to all member states, cannot be enforced by law until the deadline for their implementation by member states to give effect to them in their laws has passed

## **Divorce Bill**

The amount which the UK Government has agreed to pay to the EU to settle its commitments to the EU budget. Frequently mis-represented as payment for "nothing" it is generally regarded as payment of "dues". It was one of the major issues of the withdrawal negotiations. The Agreement reached as part of the Withdrawal Agreement is really about how this financial settlement should be calculated.

## **Donald Tusk**

Former Prime Minister of Poland and current Prime Minister of the European Council. He speaks on behalf of the European Council; effectively the Member States.



## **ECB**

European Central Bank. The central bank of the eurozone, which works in conjunction with the central banks of member states to implement EU monetary policy and, most importantly, to maintain economic stability within the Eurozone.

## **EEA**

European Economic Area (formerly referred to as the European Economic Community). The area within which free movement of persons, goods, services and capital (the Four Freedoms) is permitted. All 28 EU member states are members of the EEA, as are Iceland, Lichtenstein, Norway. It should be noted that Switzerland is not a member of either the EEA or the EU; however, it is allowed to participate in the single market via sector and issue specific agreements or treaties. Membership of the EEA and EFTA had been noted as a possible avenue for the United Kingdom to pursue in the run up to the referendum but may not be pursued.

## **Effectiveness (Principle of)**

This principle which requires that the national conditions and procedures should not make the exercise of the EU law right impossible or excessively difficult in practice.

## **EFTA**

European Free Trade Association. The free trade area (originally set up by the UK in 1960) whereby currently Iceland, Lichtenstein, Norway and Switzerland are permitted to access to the single market without membership of the European Union so long as they implement EU legislation on the likes of competition law and state aid, and continue to uphold the Four Freedoms.

## **EMU**

Economic and Monetary Union. The official term for those member states who share a common European market and have adopted the euro as their currency. Economic integration is the driving force of the European EMU, with members taking a lead on economic policy from the European Central Bank, which sets a uniform interest rate. The United Kingdom and Denmark are the only EU member states who do not participate.

## **Equivalence (Principle of)**

A principle of EU law requiring that domestic law and the remedies available under it are not discriminatory when set against those of EU law (not to be confused with equivalence below).

## **Equivalence Determination**

In the context of financial services, a determination by a European Supervisory Authority that the legal and supervisory arrangements of a non-EU third country (e.g. the UK post-Brexit) ensure that firms authorised in that third country comply with requirements that are of equivalent effect to the legal and supervisory regime applying in the EU.

## **ESMA**

The European Securities and Markets Authority. An independent EU authority whose purpose is to improve investor protection and promote stable and orderly financial markets.

## **European Commission**

The body tasked with developing policy and initiating EU legislation often at the behest of member states; also with ensuring compliance by states and undertakings with treaty and other legal obligations. One Commissioner from each member state is appointed to preside over one of a range of policy areas, such as agriculture and transport. Politically independent, the Commission is tasked with acting 'in the general European interest', and is regarded as the Executive of the European Union. Proposals will normally begin at the request of a member state, before being developed by the Commission and then passed to the Council of the European Union and

European Parliament, who will debate and amend the proposal before deciding whether to 'adopt' it together.

## **European Council**

A powerful body comprised of the heads of state or government of the EU member states, the President of the European Council (Donald Tusk as of September 2016), the President of the European Commission (Jean-Claude Juncker as of September 2016), and also the High Representative for Foreign Affairs and Security Policy (Federica Mogherini as of September 2016). The European Council tends to meet 4 times per year. It does not have legislative power but sets the direction of EU policy. It is the body to which an Article 50 Notice is to be delivered; it (minus the UK) will set the EU negotiating guidelines for Brexit.

## **European Court of Human Rights**

Nothing to do with the European Union or the Court of Justice of the EU. Ensures compliance with the European Convention on Human Rights (ECHR) for the 47 Member States of the Council of Europe including Russia. Each state is represented by a judge within the Court, which hears applications on alleged breaches of the terms of the ECHR. An application can be lodged by an individual, a group of individuals or one or more of the other contracting states, and decisions of the court are binding upon all adhering states.

## **European Court of Justice/Court of Justice of the European Union**

The ECJ is the ultimate arbiter of interpretation of the Treaties and many other EU laws including a number of treaties between the EU and third countries. One judge from each member state (28 in total) is appointed, with the ultimate function of the Court being to try and ensure the appropriate application of EU law. It receives references from member state courts seeking rulings on the interpretation of EU law; it also deals with challenges against the legality of acts of the institutions and hears actions taken against member states which fail to implement treaty obligations such as failing to implement environmental directives. Judgments of the Court are binding on both member states and EU institutions. Brexiteers have an unusually strong aversion to such a court external to the UK "meddling" in UK affairs ( by interpreting and applying the law).

## **European Parliament**

The elected body of the EU. Currently comprised of 751 Members of European Parliament (MEPs) elected on 5-year terms, it meets monthly in either Strasbourg or Brussels to exercise legislative power. Policies originating with the European Commission are passed to the Parliament, which will then debate and amend these with European Council. The Parliament cannot adopt a piece of legislation without the consent of the Council and vice versa.

## **Europhile**

A colloquial (although sometimes derogatory) term seen in the media to refer to strong supporters of the European Union.

## **Euroscepticism**

A school of thought characterised by opposition to the European Union to varying degrees of severity. Eurosceptics vary widely in their criticisms, although common themes are accusations of bureaucracy, a lack of transparency, and the belief that the progress of integration into the supranational EU weakens the individual member states and threatens their sovereignty.

## **EU Trade Marks**

Often abbreviated to 'EUTMs'. The system allows applicants to pay a single fee and file one application for trade mark protection across all 28 Member States of the EU. Concerns have been raised post-Brexit that, because the UK would no longer be party to the Regulations creating the EUTM regime, we would not continue to enjoy their protection. Whether existing EUTMs will be converted by the UK Intellectual Property Office into their national equivalents also remains to be seen.

## **Exhaustion (of rights)**

Once the holders of IP rights have consented to goods with their mark being placed within the EEA (which currently includes the UK), they are said to have 'exhausted' their IP rights, and cannot normally prevent further trading in those goods on the grounds of infringement of IP. However post-Brexit IP holders in the EU could restrict imports of their goods into the UK (and vice versa). This is likely to necessitate redrafting of legislation at the national level.



## **Fiscal Compact**

Shorthand term for the Treaty on Stability, Coordination and Governance in the Economic and Monetary Union. It was adopted by all member states (with the exception of the United Kingdom, the Czech Republic and Croatia) in the aftermath of the European debt crisis, and makes receipt of a bailout loan conditional upon the implementation of laws at the national level to control budget deficit and national debt within terms prescribed by the Treaty.

## **Florence Speech**

Prime Minister Theresa May delivered this speech on 22 September 2017 where she set out how the UK will be the strongest friend and partner to the EU after it leaves the EU.

## **Four Freedoms**

Namely, the free movement of capital, goods, people and services. These are fundamental treaty rights and obligations.



## **Good Friday Agreement**

The Good Friday Agreement (or Belfast Agreement) of 1998 is a bundle of arrangements which set out a new regime of governance of that part of the UK which is on the island of Ireland, that is Northern Ireland. This brought to an end a 30 year period of low level war involving nationalist and unionist paramilitaries and the British Army which cost more than 3,500 lives. The Good Friday Agreement consists of an International Treaty between the UK and the Republic of Ireland; and between the main parties in Northern Ireland. It was approved by voters in Northern Ireland and the Republic in two simultaneous referendums. The concern of the EU and the UK is to avoid jeopardising this arrangement should a hard border be erected in Ireland.

## **GATT**

General Agreement on Tariffs and Trade. Aimed at "substantial reduction of tariffs and other trade, barriers and the elimination of preferences, on a reciprocal and mutually advantageous basis. Succeeded by the Uruguay Round Agreement, which created the WTO, the World Trade Organisation.

## **GDPR**

The General Data Protection Regulation. A new and important EU regulation which moves to enforce strict data protection protocols across the EU. Of particular note are the requirements for notification to competent authorities where there is a data security breach, as well as obligations to inform individuals where leaked data could impact upon their rights. The UK has repealed the Data Protection Act 1998 and implemented a Data Protection Act in 2018. The Act incorporates the GDPR provisions into UK law and means that post-Brexit the UK's data protection laws will be aligned with that of the EU's.

## **Gibraltar Side Letter**

Spain reached an agreement with the EU and the UK, clarifying the status of the territory of Gibraltar. The agreement involves a letter from the UK, two separate statements from the EU, and a letter from the Presidents of the European Council and Commission. On the 24 November 2018, the British Government wrote a letter to the Council of the Union regarding Article 184 stating that it "imposes no obligations regarding the territorial scope of such agreements". The disagreement arose over the interpretation of Article 184 of the Withdrawal Agreement (Negotiation on the Future relationship). Article 184 provides that both the EU and the UK must use best endeavours to work together in forming agreements on the future of their relationship.

## **Grexit**

A term which began circulating during the height of the Greek debt crisis around 2012, as the prospect of Greece leaving the Eurozone became apparent.

## **Grieve Amendment**

Proposed by Dominic Grieve and passed by MPs, if the Withdrawal Agreement is not backed by MPs' vote then the Government will have to debate (within 3 days of the vote rather than 21) on the ramifications of a no deal and will give the Commons the opportunity to vote on different Brexit strategies.

## **Guy Verhofstadt**

The European Parliament's Chief Brexit Negotiator and former Prime Minister of Belgium.



## Hard Brexit

A term thought to refer to the situation in which the UK fails to negotiate membership or indeed access to the single market with relations with the EU being governed by a minimal free trade agreement.

## Henry VIII powers:

A provision in primary legislation which gives the power to amend or repeal primary legislation by secondary legislation, thus giving the Executive tremendous power to legislate without scrutiny by Parliament. This is the means envisaged to repeal a range of provisions of EU law in the two year period after we exit the EU.



## Irish Border

The 500km border between Northern Ireland and the Republic of Ireland which has about 300 crossing points. At present it is a largely invisible border. After Brexit, it will become the only land border between the UK and the European Union. The UK Government has pledged not to allow the border to become an obvious hard border with border infrastructure.



## **Jean-Claude Juncker**

President of the European Commission, the EU's executive arm. Former Prime Minister of Luxembourg.



## **Lancaster House Speech**

The speech given by Theresa May on 17 January 2017 in which she set out the UK's negotiating objectives and "red lines" for exiting the EU.

## **Lisbon/Lisbon Treaty**

The Treaty of Lisbon (initially known as the Reform Treaty) amends the two treaties which form the constitutional basis of the European Union (EU). The Treaty of Lisbon was signed by the EU member states on 13 December 2007, and entered into force on 1 December 2009. Notable for being the first treaty to give members the explicit right to withdraw from the European Union as laid down in Article 50.



## **Martin Schulz**

A German and European Social Democratic politician serving as the President of the European Parliament since 2012.

## **Maximum Facilitation (or Maxfac)**

A streamlined customs arrangement which, through the use "trusted traders", the use of IT etc results in a customs a border that is as frictionless as possible and which avoids customs checks and delays are the border. A customs paper published by the Government in 2017 outlined a number of examples as to how this might work.

## **Meaningful Vote**

This is a name given to Section 13 of the United Kingdom's European Union Act 2018, entitled "Parliamentary approval of the outcome of negotiations with the EU". This provides that the Withdrawal Agreement may only be ratified if passed by a resolution of the House of Commons.

## **Michel Barnier**

A French politician, has also been a European Commissioner and an MEP; he is the chief Brexit negotiator at the European Commission. Notable for having previously clashed with the UK Minister for exiting the European Union, David Davis, in the 1990s.

## **MiFID**

The Markets in Financial Instruments Directive. This EU Directive regulates the conduct of investment services in EU Member States, including the trading of securities, the execution of client orders, and portfolio management.

There are no passporting rights under MiFID, but see the separate definition of MiFID II which will repeal and replace MiFID from January 2018.

## **MiFID II**

The second incarnation of the Markets in Financial Instruments Directive This took effect from 3 January 2018, MiFID II aims to improve the functioning of financial markets in light of the financial crisis and to strengthen investor protection. Crucially, as far as Brexit is concerned, MiFID II also allows for third country passporting provided certain conditions are met.

## **Most Favoured Nation**

Under the World Trade Organisation (WTO) agreements, countries cannot normally discriminate between their trading partners. If a country grants preferred terms (such as a lower customs duty rate for one of their products) then it has to do the same for all other WTO members.



## **National Private Placement Regime**

Sometimes shortened to 'NPPR'. The rules that the individual EU Member States have adopted for the marketing within their territory of alternative investment funds (AIFs) that are not allowed to be marketed under the AIFMD domestic marketing or passporting regimes.

## No Deal

Britain leaving the European Union with no formal agreement on the terms of the UK's withdrawal or provisions on future trade relations resulting in trade between EU and UK being on WTO terms.

## Non-tariff barriers

These are quotas, trading rules and other measures which may limit or impede goods entering or being placed on a market even under a free trade agreement. They are generally unlawful in the Single Market.

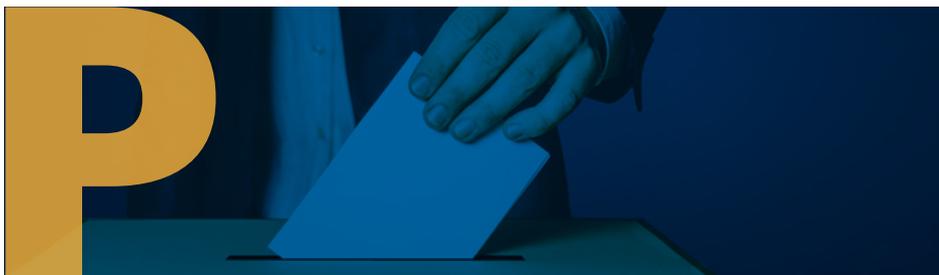
## Norway Model

Norway is a member of the single market retains control of various things like postal services and fishing. People usually refer to this as 'EEA plus' or 'EEA minus', depending on the deal. That said, it still has to abide by the major single market rules, without any say over how those rules are framed.



## Organisation for Economic Cooperation and Development (OECD)

The Organization for Economic Cooperation and Development (OECD) is a unique forum where the governments of 34 democracies with market economies work with each other, as well as with more than 70 non-member economies to promote economic growth, prosperity, and sustainable development.



## **Passporting**

The arrangement by which a firm authorised in one EU Member State can distribute certain financial products or provide certain financial services across the EU without having to obtain authorisation from the regulator in each EU Member State in which it wants to do business.

## **People's Vote**

This is a British campaign group, launched last April, that is calling for a public vote on the final Brexit deal between the UK and the EU. Political Declaration

A Document which sets out proposals for how the UK's long term future relationship with the EU will work after Brexit. The Political Declaration is not legally binding but will be worked up into a full agreement during the transition period.

## **Primacy**

The principle which dictates that, where there is a conflict between an act of a national UK parliament and one of EU law, the latter should prevail. This was established in the 1962 Van Gend en Loos case, long before the UK joined the European Communities: "...a new legal order...for the benefit of which the states have limited their sovereign rights..." and the 1964 case, Costa v ENEL. This is why it was enshrined in the European Communities Act 1972.

### Protocol 3

The protocol of the UK's Treaty of Accession to the European Community giving Jersey, Guernsey and the Isle of Man a special relationship with the EU. Under Protocol 3, the Islands, whilst not members of the EU, are part of the customs territory of the Union, and there is free movement of agricultural goods. There is, however, no implementation of other key policy areas like the free movement of persons, services and capital, and the Islands are also not eligible for support from many of the EU's funds.

### Preferential Tariff

Where countries agree to impose a lower tariff, on goods imported to and from one another, than they impose on third countries not party to the agreement. The EU has various preferential tariff arrangements for third countries outside the EU.



### Qualified Majority Voting (QMV)

The method by which the Council of the European Union currently reaches the vast majority of its decisions. Under qualified majority voting, the amount of votes each member state received is determined by their population, although the weighting tends to favour smaller member states. In order for a motion to be passed, 15 of the 28 member states representing at least 260 of the 352 votes available are required to vote in favour. Importantly, it means a member state cannot veto legislation.



## Referendum

Held on 23 June 2016 this was a referendum with no automatic legal consequences provided for in the relevant Act of Parliament. 51.9% of those voting voted for the United Kingdom to leave the EU against 48.1% voting to remain. 72.2% of those eligible to vote did so. In Scotland 62% voted to remain; Northern Ireland 55.8% voted to remain. In England 53.4% voted to leave as did 52.5% in Wales.

## Regulation

EU Regulations enjoy a special status in that, when they come into force, they automatically supersede national laws dealing with the same subject matter and become immediately enforceable without any need for further legislation at the national level.

## Remain

The official campaign group in favour of remaining within the European Union during the referendum on EU membership. Remain was the official position of the UK Government albeit Cabinet Ministers were allowed by David Cameron to campaign for Leave if they wished to do so.

## Royal Prerogative

A flowery name for the powers of the Executive arm of the UK Government; an absolute power previously exercised by the Monarch and now by the Prime Minister and other members of the Executive by consent. In essence, any act undertaken by the Executive which is not covered by an Act of Parliament is done by virtue of the Prerogative, which has always covered many elements of international relations. The Prerogative is the authority by which the

Government claims it is entitled to initiate the Article 50 process to begin negotiating to withdraw from the EU but the use of this Prerogative for the Article 50 process without authorisation from Parliament has been subject to court challenges (Northern Irish courts have dismissed the challenge).

### Rules of Origin

Rules to establish the country of origin of imported and exported goods and to help identify those which qualify for lower or nil customs duty which may be due under a free trade agreement. For example, goods produced within EU qualify as EU goods under the EU-Canada trade agreement.



### Schengen Zone

The collective name for the 22 EU member states and 4 EFTA countries who permit passport-free travel between one another as a result of the 1985 Schengen Agreement. Notably, the UK and Ireland are not members of this arrangement.

### Settled Status

Status to be given to EU citizens or family members of EU citizens residing in the UK once they can prove (along with other eligibility criteria) that they have had continuous residence in the UK for a period of 5 years. Applications for this status will open fully by 30 March 2019 and the deadline for applying is 30 June 2021.

## Single Market

The European Single Market is home to over half a billion customers, and continued access to it in the wake of the Britain's vote to exit the EU remains a fundamental issue. Through the removal of obstacles to the Four Freedoms at the national level, and harmonisation of laws at the EU level, the Single Market aims to treat the markets of all EU member states and EFTA member states as being one market where trading rules for placing goods or providing services on a market are either the same or are recognised as equivalent. The result, in theory, is that trade should be made easier and more efficient.

## Soft Brexit

A term thought to refer to the situation where the UK may retain a form of membership of the European Union single market in exchange for the protection of freedom of movement. This would likely involve pursuing a relationship similar to the Norway Model.

## Sovereignty

Another fundamental issue in the EU referendum, and of particular importance to those who are Eurosceptic; Sovereignty, broadly speaking, refers to the absolute power of a state to govern itself independently. Opponents of the EU perceive that the EU erodes this status, as there are a number of policy areas, such as business, the environment, and VAT, where the UK has ceded significant control, albeit by agreement and with the intention of achieving progress in areas such as the single market where any system which allowed states to behave unilaterally would not work. These limits on sovereignty were agreed by the UK being established before the UK joined or in subsequent treaties.

## Subsidiarity (Principle of)

A fundamental principle whereby the EU, when dealing with an area in which it does not have exclusive competence to act, is obliged to consider whether action at the EU-level would be more effective than at a national or local level. In all cases, the EU may only intervene if it is able to act more effectively than EU countries at their respective national or local levels.

## Swiss Model

Switzerland retains access to the single market for the majority of its industries through a free trade agreement, among others. A notable exception, however, exists for large parts of its services sector, as well as the entirety of its banking sector. Its participation remains conditional on the continued free movement of people.



## Tariff Rate Quotas

Members of the World Trade Organisation must make commitments to the WTO, this includes commitments on tariff rate quotas (TRQ). A TRQ applies a tariff to a certain quantity of goods imported (in-quota tariff), while for quantities of imports exceeding that quota level it applies a higher tariff. The EU had one single set of commitments to the WTO. On the UK's departure, these had to be split. Agreement has been reached within the EU as to how to split them as between the UK and the remaining EU States but these have to be agreed by individual States. It will need to form its own set of commitments to the WTO.

## Technocrat

Members of a technically skilled elite. A common bone of contention amongst those who accuse the EU of being undemocratic is the fact that "unelected" experts typically feature in prominent positions but this is often the case in the UK administration – experts tend not to be elected.

## **TEU/TFEU**

The Treaty of the European Union and the Treaty on the Functioning of the European Union are the fundamental set of agreements which, together, established the EU and its institutions as the successor to the former European Economic Community. As well as setting out the EU's constitutional basis, the treaties also define the limitations and restraints within which it is permitted to act.

## **Third country passport**

The mechanism by which financial service providers from a non-EU state (a 'third country') could benefit from the passporting provisions in an EU directive. The extension of passporting rights to third countries is generally conditional on an "equivalence assessment" (see separate definition).

## **Transatlantic Trade Investment Partnership (TTIP)**

A controversial and ongoing series of negotiations between the EU and the US to create a free trade zone between the two. If successful, it will create many business opportunities; however, the scope of deregulation which it would require in areas such as environmental and public health and banking, is a cause of concern for many.

## **Transition Period**

The proposed period between the UK leaving the European Union, on 29 March 2019, and the start of new arrangements for future trade, 1 January 2021. The UK Government refers to it as an "implementation phase". It will only come into effect as part of a Withdrawal Agreement. During the Transition Period most EU law will continue to apply to the UK as if it were a member of the EU but with no role in any decision making bodies.

## **Trade Agreement**

A trade agreement is concluded between two countries or one country and a bloc of countries which formed a customs bloc (or customs union) which typically is wide ranging covering tax, tariff and trade, possibly also with investment guarantees which allow each more favourable terms of access to each other's markets than would otherwise be available under standard WTO terms. It is the existence of a trade agreement which allows for a departure from the obligation to offer the terms offered to another State to all.



## **UCITS**

Undertakings for collective investments in transferable securities. Specially constituted collective investment portfolios exclusively dedicated to the investment of assets raised from retail investors. A UCITS fund must be domiciled within the EEA, so following Brexit existing UK UCITS funds may need to consider restructuring options.

## **Unitary Patent**

A new type of European patent which, when introduced, will create a single system for patent registration, renewal and litigation across 25 EU member states, ensuring uniform protection across each (in principle). Notably, a Unitary patent may be enforced or revoked in a single action for all the participating territories before the Unified Patent Court. Brexit is, however, currently proving problematic to the system's implementation, as it needs to be ratified by 13 countries which, in terms of the UPC agreement as it currently stands, must include the UK, Germany and France.

## **Unitary Patent Court**

The new forum which will hear disputes relating to unitary patents. Regrettably, however, one of the seats of the UPC's Central Division was to be in London and, in terms of the UPC agreement, has been given jurisdiction over the chemistry and pharmaceutical sectors, amongst other areas of 'Human Necessity'. Amendment to the agreement will therefore be necessary as a result of Brexit, although a lease on premises for the Court's seat in London has already been signed.



## Variable Geometry

The term used to describe the idea of a method of differentiated integration in the European Union. It acknowledges that, particularly since the EU's membership almost doubled in under a decade, there may be irreconcilable differences among countries and that different levels and forms of integration might allow progress. In the UK and Brexit context it refers to ideas of a flexible arrangement whereby, at one extreme Scotland and/or Northern Ireland would remain in the single market while England & Wales leave, and at another where the Scotland and Northern Ireland remain both in the UK and the EU.

## Vassal State

A vassal state is any State that is subordinate to another. This was the description given to the resultant State the UK would be in during any period such as the Transition Period where it had to accept the rules and laws (including changes) of the EU but without having any role in decision making.

## Visegrad Group

Group consisting of Hungary, Poland, the Czech Republic and Slovakia, who have pledged to be uncompromising in any Brexit negotiations that might see the right of their citizens to live and work in the UK compromised.

## Vote Leave

The official campaign group in favour of leaving the European Union during the referendum on EU membership.



## **WExit**

The term colloquially given to the notion that Wales and England could follow in the footsteps of Greenland, leaving the EU, with the rest of the nation - Scotland and Northern Ireland - remaining. The UK Government regards this as out of the question.

## **Wightman Challenge**

The case started in the Scottish Court of Session by a number of parliamentarians including Andrew Wightman, it was referred to the European Court of Justice for a ruling on the EU law point, as to whether an Article 50 letter can be unilaterally withdrawn it and therefore whether a State can retract its notification to leave the EU.

## **Withdrawal Act**

The European Union (Withdrawal Act) 2018 received Royal Assent on 26 June 2018. It repeals the European Communities Act, which took Britain into what was then the European Economic Community and provides for the retention EU law subject to future changes. It will also convert almost all EU law into UK law and confers wide powers on ministers to remedy any deficiencies with the EU retained law after the UK's exit.

## **Withdrawal Agreement**

The terms of the UK's departure from the EU negotiated between the UK and the EU. The latest draft of the Withdrawal Agreement was published on 14 November 2018. World Trade Organisation

The World Trade Organization (WTO) is an international agency with 162 member countries and its purpose is to promote international commerce. The WTO's main functions are to provide a forum for negotiations to reduce barriers to international commerce, and to administer a system of rules governing trade.



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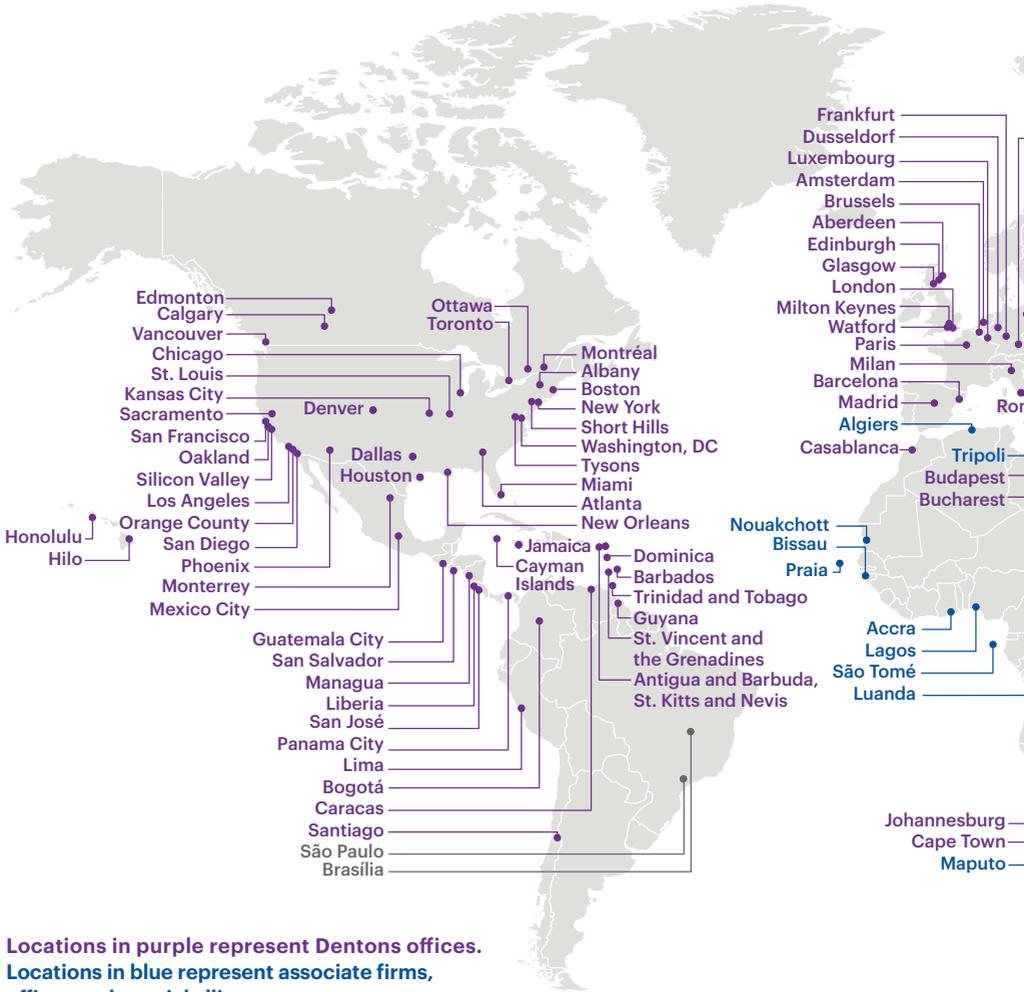


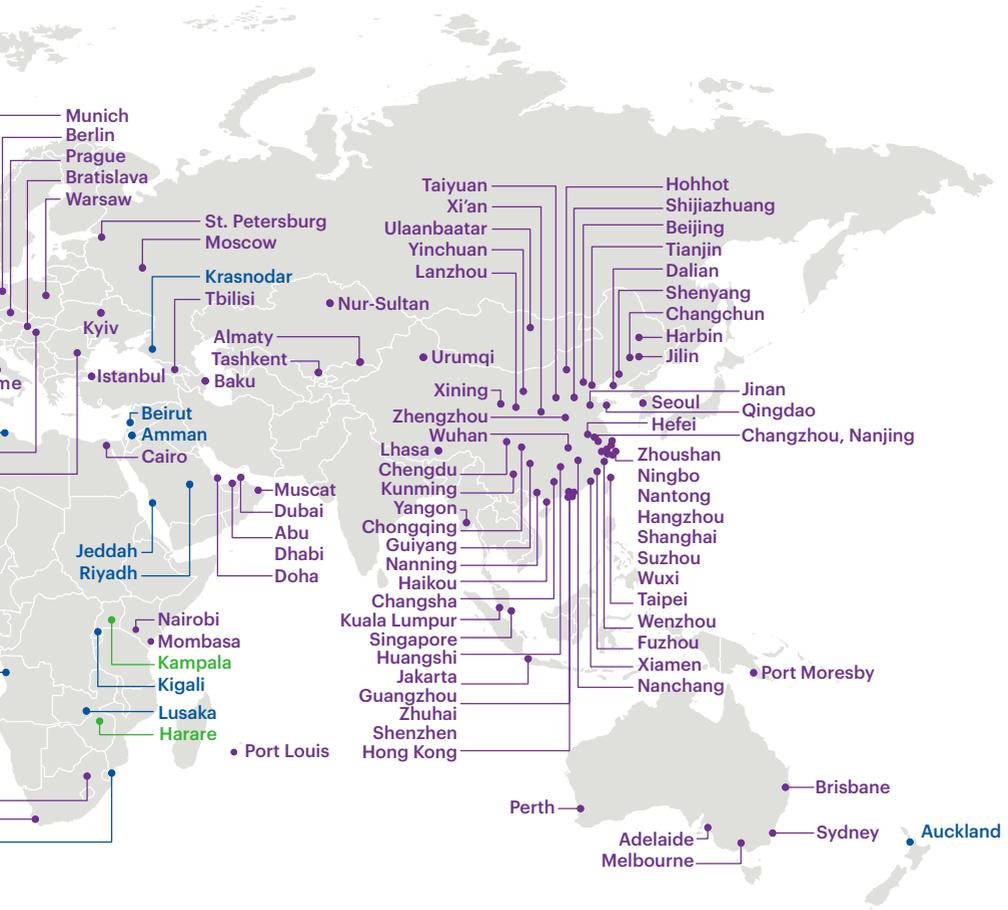
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