

Commodities and Global Markets Cash Equities

Key Information regarding Macquarie's Brexit Planning – European Cash Equities

November 2019

Introduction

Macquarie Group Commodities and Global Markets ("CGM") Cash Equities ("Macquarie", "we", "us") hereby provide you with further details on our Brexit plans. This document follows on from our previous communications regarding our Brexit planning, and where relevant elaborates the information in our 'Brexit Planning – Frequently Asked Questions' communication, available [here](#).

As a consequence of the UK's scheduled withdrawal from the European Union ("EU") on 31st January 2020, Macquarie has been undertaking a thorough analysis of its existing contractual relationships with clients located in the EU and in the European Economic Area ("EEA"). This document sets out the steps we are proposing to take in the event the UK leaves the EU either:

1. with a withdrawal agreement and a consequential transition period until 31st December 2020 ("Transition Period"); or
2. without a withdrawal agreement ("Hard Brexit").

Existing Arrangements

Currently, Macquarie Capital (Europe) Limited ("MCEL"), a UK-incorporated entity, provides Cash Equities services to CGM Cash Equities' European clients. These services include the execution of client orders in equities and equity-like products (such as Depository Receipts and Exchange-Traded Funds), research and sales support, in European and global markets.

MCEL is authorised and regulated by the UK Financial Conduct Authority ("FCA") (firm reference number 193905) and is currently able to provide financial services to clients based in other member states of the EU ("EU27") and in the EEA using the so-called 'MiFID passport'. Full details of MCEL's current authorised permissions can be found [here](#).

1. Impact of a Transition Period

Macquarie does not anticipate any immediate impact on the existing trading relationship which clients have with Macquarie if there is a Transition Period. All clients will continue to face MCEL during the Transition Period.

2. Impact of a Hard Brexit

Macquarie has implemented plans designed to ensure the continuity of services to its clients located in the EU27 and EEA in the event of a Hard Brexit.

2.1 Clients in the United Kingdom and Switzerland

Clients based in the UK and Switzerland will remain clients of MCEL. Accordingly, there will be no impact on clients based in these countries and they will continue to trade with MCEL.

2.2 Use of Cross Border Exemptions

A number of EU27 and EEA member states currently have or are intending to introduce a series of measures, such as a cross-border licence, notification or temporary permission, to facilitate the provision of financial services by UK-based providers post-Brexit ("Cross Border Exemptions").

Currently, Macquarie understands that MCEL will be able to benefit from Cross Border Exemptions in the following countries that would enable it to continue to provide services to eligible counterparties and per se professional clients located in those countries for a period of time after a Hard Brexit:

- | | |
|--------------|-------------------|
| • Belgium | • Norway |
| • Denmark | • Spain |
| • Finland | • Sweden |
| • Italy | • The Netherlands |
| • Luxembourg | • Portugal |

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Accordingly, there should be no immediate impact on clients based in these countries as they should continue to be able to trade with MCEL during that period.

Macquarie is actively monitoring developments in other EU27 and EEA member states regarding the availability of Cross Border Exemptions. If Macquarie intends to rely on further Cross Border Exemptions, all impacted clients will be contacted directly to discuss the implications for our ongoing relationship.

2.3 All other clients located elsewhere in the EU27 and the EEA

In the event of a Hard Brexit, MCEL will be unable to continue to service any Cash Equities clients located in any EU27 or EEA member state where a Cross Border Exemption is not (or ceases to be) available. Macquarie will contact impacted clients to discuss the orderly wind-down of their trading relationships with MCEL.

Further to the recent [announcement](#) of the repositioning of our Cash Equities business, Macquarie has entered into a preliminary cooperation agreement with Kepler Cheuvreux, which brings together leading equity trading and research capabilities. The strategic partnership will enable continued access to a global platform for Macquarie's existing European clients. We will communicate further details in due course.

Next Steps

We will engage in subsequent communications, with clients whose trading relationship with Macquarie is impacted.

Further communications

In light of the continued Brexit uncertainties, Macquarie's planning for Brexit has been designed to provide flexibility and, to the extent possible, to minimise disruption to our clients and provide continuity of service.

We encourage you to contact us at cgmbrexit@macquarie.com or to speak with your Macquarie contact person(s) with any questions regarding this document or Macquarie's Brexit planning.

In addition, we would appreciate if you could inform us of your own Brexit plans, along with the contact details of the person(s) to whom we should direct further communications on this matter, by email to cgmbrexit@macquarie.com.

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