

## Research: Dutch capital market benefits from any form of Brexit

- Any form of Brexit will strengthen the position of the Dutch capital market
- Fintechs, payment providers, proprietary traders and trading platforms are moving to Amsterdam
- Businesses prefer stable EU regulatory system to the possibility of regulatory arbitrage
- Report advocates continuous active Dutch participation in further harmonisation of the EU capital market

**Amsterdam, 16 October 2019 - Regardless of the date or form of Brexit, financial companies increasingly prefer the European Union to the United Kingdom. This is beneficial for the Dutch capital market. Particularly proprietary traders, trading platforms, payment providers and fintechs are switching from London to Amsterdam. This trend is irreversible, as companies prefer the more predictable European Union over the continuing political instability and uncertainty in the United Kingdom. This is the main conclusion drawn from a study commissioned by the independent foundation Capital Amsterdam, and conducted by De Argumentenfabriek.**

Due to the ongoing uncertainties surrounding Brexit, it is still difficult to estimate the consequences. "Capital Amsterdam has commissioned this study in order to gain an in-depth insight into the consequences of Brexit for the Dutch capital market. We are convinced that this report offers a basis to act upon the opportunities that arise from Brexit and to help identify possible threats," said chairman Joost van der Does de Willebois.

### *More pros than cons*

According to the report, Brexit will have more positive than negative effects on the Dutch capital market and the financial sector. The most visible positive result is that companies are moving to the Netherlands. This applies in particular to companies that combine finance with technology, such as fintechs, proprietary traders, trading platforms and payment providers. The Netherlands has a competitive edge because of its highly educated population, and skilled and pragmatic supervising authorities. In addition to companies, many people, regardless of their work, also leave London for Amsterdam due to the high quality of life in the Netherlands. This influx further contributes to a growing and attractive talent pool in the Netherlands.

However, with a departure of the United Kingdom, the Netherlands will also lose an important ally in influencing European financial regulation, for example against the taxation of financial transactions. The Netherlands will have to look for new alliances within the EU in order to maintain influence on the formulation of regulations that could affect the Dutch capital market. In a more general sense, the EU will lose an expert member in the field of financial markets and with London it will also lose a very important financial centre. After Brexit, the United Kingdom

could therefore become a competitor to the EU by offering tax benefits, more flexible regulations and quicker political decision-making. However, the research report states that, all in all, the consequences for the Netherlands will be beneficial.

#### *Regulatory arbitrage is of less importance*

Furthermore, the report comes with the striking conclusion that companies prefer predictable European regulation over the possibility of regulatory arbitrage - a practice in which companies take advantage of differences between various international regulatory systems in order to circumvent regulations that are unfavourable to them.

The report therefore recommends that the Netherlands should continue its efforts to achieve further European harmonisation in the field of capital markets - such as a European capital market union, a banking union and the gradual removal of national add-ons to European Directives. This creates a level European playing field, on which the Netherlands occupies a strong position with regard to the other conditions upon which companies decide their choice of location.

The research was carried out by de Argumentenfabriek and is based on in-depth interviews and round-table discussions with experts from companies, regulators and industry associations. The report can be read online [[here](#)]; interested parties can request a hard-copy version of the report.

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#### **About Stichting Capital Amsterdam**

Stichting Capital Amsterdam (SCA) is an independent foundation with the main objective of promoting the importance of the public capital market in the Netherlands. It was created as a result of a merger between Stichting Vereniging voor de Effectenhandel and Stichting Schadefonds Beleggers and has roots dating back to 1876. In addition to pursuing the core activities of both old foundations, acting as a general insurance fund and managing the Dutch stock exchange heritage, SCA is particularly concerned with stimulating research, education and promotion in the field of the Dutch capital market, stock exchange and investing.

[www.capitalamsterdam.com](http://www.capitalamsterdam.com)

#### **About De Argumentenfabriek**

De Argumentenfabriek ("The Argumentation Factory") is an Amsterdam based consultancy with around 30 consultants. De Argumentenfabriek helps its clients take control of complex issues. They do it by strictly structuring and compiling the input of internal and external experts. Its mission: Structured thinking for an improved future. Find them at

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