BREXIT

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Parliament must vote before UK can trigger Brexit, top court rules

By Michael Holden and Estelle Shirbon

Prime Minister Theresa May must give parliament a vote before she can formally start Britain's exit from the European Union, the UK Supreme Court ruled on Tuesday, giving lawmakers who oppose her Brexit plans a shot at amending them.

A "straightforward" bill will now be rushed to parliament within days, the government said after the country's highest judicial body decided May could not use executive powers known as "royal prerogative" to invoke Article 50 of the EU's Lisbon Treaty and begin two years of divorce talks.

However, the judges did remove one major potential obstacle for the government, saying May did not need the approval of Britain's devolved assemblies in Scotland, Wales and Northern Ireland before triggering Brexit.

"We will within days introduce legislation to give the government the legal power to trigger Article 50," Brexit minister David Davis told parliament. "This will be the most straightforward bill possible to give effect to the decision of the people and respect the Supreme Court's judgment."

May has said she intends to invoke Article 50 before the end of March but the ruling means the Brexit process is now open to scrutiny from lawmakers, the majority of whom had wanted to stay in the EU. However, the main opposition Labour Party has said it would not block Brexit although it would try to amend the legislation.

"Labour will seek to build in the principles of full, tariff-free access to the single market and maintenance of workers' rights and social and environmental protections," party leader Jeremy Corbyn said.

Media reports have suggested that up to 80 Labour lawmakers (MPs) in the 650-member House of Commons, the lower chamber, would ignore Corbyn and vote against triggering Article 50, while the small Liberal Democrat Party said it would oppose Brexit unless there was a second referendum on the final deal.

Meanwhile, the Scottish National Party, which has 54 MPs, vowed to put forward 50 "serious and substantive" amendments.

However, the opponents of Brexit are still likely to be some way short of the numbers needed to either delay May's timetable or to stop it.

The upper chamber, the House of Lords, could also seek to amend the plans but ministers are confident that unelected peers would not try to stop Britain leaving the EU after voters backed Brexit by 52-48 percent in last June's referendum.

BREXIT PLANS UNCHANGED

May's spokesman said the court's decision did nothing to change the path of Brexit or her timetable.

Davis said: "The point of no return was passed on June 23rd last year. This judgement does not change the fact that the UK will be leaving the European Union."

Last week May set out her stall for negotiations, promising a clean break with the world's largest trading bloc as part of a 12-point plan to focus on global free trade deals, setting a course for a so-called "hard Brexit".

Some investors and those who backed the "remain" campaign hope that lawmakers, most of whom wanted to stay in the EU, will force May to seek a deal which prioritises access to the European single market of 500 million people, or potentially even block Brexit altogether. Sterling initially rose on the news that the government had lost its appeal, but it

Britain's Attorney General, Jeremy Wright, speaks outside the Supreme Court following the decision of a court ruling that Theresa May's government requires parliamentary approval to start the process of leaving the European Union, in Parliament Square, central London, Britain, January 24. REUTERS/Toby Melville

then fell over half a cent to hit day's lows against the dollar and euro after the ruling that the devolved assemblies did not need to give their assent. Those who campaigned for Britain to leave the EU said the vote on triggering Brexit should be a mere formality.
"Any attempt to delay the Brexit process ... would be an unforgivable betrayal of the British people," said Richard Tice, co-chairman of the Leave Means Leave campaign. "The Lords should also follow suit; any delay by them would ensure their abolition."
While Tuesday's ruling has settled the argument over the role of parliament in starting the Brexit process, other hurdles and headaches await May. Scotland's First Minister Nicola Sturgeon said the court's decision on devolved assembles raised the spectre of another Scottish independence referendum because Scots, who voted in favour of staying in the EU, were not being treated as equal partners.
May's spokesman also stressed that the government's assertion that Article 50 was irreversible, but another legal case is being prepared to challenge that view in the courts.

ANALYSIS

Britain's Brexit plans unlikely to be slowed by Article 50 defeat

By Michael Holden and William James

Prime Minister Theresa May's plans to start the process of Britain leaving the European Union by the end of March are unlikely to be hindered or slowed by Tuesday's Supreme Court ruling the government must seek parliamentary approval.
In the ruling, judges on Britain's top judicial body upheld an earlier High Court decision that lawmakers had to give their assent before May can invoke Article 50 of the Lisbon Treaty which formally starts two-years of divorce talks.
However, the legal defeat, while an inconvenience and embarrassment for the government, is not expected to delay its Brexit timetable or, as some investors and pro-EU supporters hope, make it possible to stop Britain leaving the bloc.
Part of this is because the opposition is divided.
"We will not block Article 50," Jeremy Corbyn, leader of the main opposition Labour Party which campaigned against Brexit, said last week. "All Labour MPs (members of parliament) will be asked to vote in that direction next week, or whenever the vote comes up."
Not all Corbyn's colleagues may go along, but May can get the votes she needs for overall passage.
However, what the decision could do is give an opportunity for Labour and other lawmakers who oppose a "hard Brexit" - an agreement with the EU that puts immigration curbs above access to the single market - to have a greater influence on what the final deal should look like. Senior ministers in May's Conservative government, which had been expecting to lose the case, have already drawn up a series of options, including a short, tight bill which will quickly be put before parliament's lower chamber, the House of Commons.

A man waves a European Union flag outside the Supreme Court in Parliament Square, central London, Britain, January 24. REUTERS/Stefan Wermuth

Although before June's referendum the vast majority of MPs in the Commons backed staying in the EU, most now say they would back Brexit, especially those in England and Wales whose constituents had strongly backed leaving the bloc.
MPs voted overwhelmingly to support the timetable of May's Conservative government for invoking Article 50 before April in a non-binding vote in December.
Sources from both May's ruling

Conservatives and the opposition Labour Party have told Reuters there was scope for a bill to be accelerated through parliament, without restricting debate, to ensure it could pass before the end of March.
Labour, though, faces a particular problem as many of its traditional working class supporters voted to leave the bloc and have been wooed in recent years by the anti-EU UK Independence Party (UKIP).
Whilst not blocking Brexit, Corbyn, who himself was an EU critic for many years, has said he would fight for Britain to have full access to the single market "with reasonable management of migration".
Labour could try to amend any bill to ensure this, attracting support from some Conservative MPs, who oppose a "hard Brexit", and other smaller parties such as the Scottish Nationalists and Liberal Democrats.
The greatest potential threat to May comes from parliament's unelected upper chamber, the House of Lords, where many peers remained strongly opposed to Brexit and do not have voters to worry about.
If the Lords were to vote against approving the triggering of Article 50, the Brexit timetable could be severely delayed.
However, the government is confident the bill will pass through the Lords because there would be a constitutional crisis if unelected peers were to thwart the will of the people expressed both through the referendum and from their representatives in the Commons.

FACTBOX

Reaction to UK Supreme Court ruling

Prime Minister Theresa May must get parliament's approval before she begins Britain's formal exit from the European Union, the Supreme Court ruled on Tuesday.

The UK's highest judicial body dismissed the government's argument that May could simply use executive powers known as "royal prerogative" to invoke Article 50 of the EU's Lisbon Treaty and begin two years of divorce talks.
Below is some reaction to the judgment:

SPOKESMAN FOR BRITISH PRIME MINISTER THERESA MAY:
"The British people voted to leave the EU, and the government will deliver on their verdict – triggering Article 50, as planned, by the end of March. Today's ruling does nothing to change that." "It's important to remember that Parliament backed the referendum by a margin of six to one and has already indicated its support for getting on with the process of exit to the timetable we have set out."
"We respect the Supreme Court's decision, and will set out our next steps to parliament shortly."

JEREMY CORBYN, LEADER OF THE OPPOSITION LABOUR PARTY:
"The government has today been forced by the Supreme Court to accept the sovereignty of parliament."
"Labour respects the result of the referendum and the will of the British people and will not frustrate the process for invoking Article 50."
"However, Labour will seek to amend the Article 50 Bill to prevent the Conservatives using Brexit to turn Britain into a bargain basement tax haven off the coast of Europe."
"Labour is demanding a plan from the government to ensure it is accountable to parliament throughout the negotiations and a meaningful vote to ensure the final deal is given parliamentary approval."


REUTERS/Darren Staples

SCOTTISH NATIONAL PARTY:
The Scottish National Party welcomed the decision by the Supreme Court that parliament must have the opportunity to vote on legislation before notice of Article 50 can be authorised to leave the European Union.
Following the decision by the Supreme Court judges, the SNP vowed to put forward 50 "serious and substantive" amendments to UK government legislation.

NICOLA STURGEON, FIRST MINISTER OF SCOTLAND AND SNP LEADER
"It is vital that the Westminster parliament is now given the fullest possible opportunity to debate and decide upon the triggering of Article 50 and also the terms of the UK's negotiating position. SNP MPs will seek to work with others across the House of Commons to stop the march towards a hard Brexit in its tracks."
"The Scottish Government will bring forward a Legislative Consent Motion and ensure that the Scottish Parliament has the opportunity to vote on whether or not it consents to the triggering of Article 50."
"However, it is becoming clearer by the day that Scotland's voice is simply

not being heard or listened to within the UK. The claims about Scotland being an equal partner are being exposed as nothing more than empty rhetoric and the very foundations of the devolution settlement that are supposed to protect our interests ... are being shown to be worthless.
"This raises fundamental issues above and beyond that of EU membership. Is Scotland content for our future to be dictated by an increasingly right-wing Westminster government with just one MP here – or is it better that we take our future into our own hands? It is becoming ever clearer that this is a choice that Scotland must make."

TIM FARRON, LEADER OF LIBERAL DEMOCRATS:
"I welcome today's judgment. But this court case was never about legal arguments, it was about giving the people a voice, a say, in what happens next."
"The Liberal Democrats are clear, we demand a vote of the people on the final deal and without that we will not vote for Article 50."

REUTERS/Peter Nicholls

GINA MILLER, LEAD CLAIMANT:
"This ruling today means that members of parliament we have elected will rightfully have the opportunity to bring their invaluable experience and expertise to bear in helping the government select the best course in the forthcoming Brexit negotiations - negotiations that will frame our place in the world and all our destinies to come."

REUTERS/Peter Nicholls

"There is no doubt that Brexit is the most divisive issue of a generation but this case was about the legal process not politics. Today's decision has created legal certainty based on our democratic process, and provides the legal foundations for the government to trigger Article 50."

JEREMY WRIGHT, UK ATTORNEY GENERAL:
"Of course the government is disappointed with the outcome ... The government will comply with the judgment of the court and do all that is necessary to implement it."

PAUL NUTTALL, LEADER OF THE UK INDEPENDENCE PARTY
"This decision is hardly a surprise but in the end it will make no real difference. The will of the people will be heard, and woe betide those politicians or parties that attempt to block, delay, or in any other way subvert that will." "It will embolden those who rail against the decision of the people. It may give heart to those in the EU, used as they are to ignoring their own people, to attempt to play hard ball in the negotiations."
"I am convinced that though this skirmish has been lost in the courts, the war will be won".

ARRON BANKS, CHAIRMAN OF BREXIT CAMPAIGN GROUP LEAVE EU
"Today's judgment gives our out-of-touch establishment the ability to soften or delay the clean Brexit a majority of the British people voted for." "The people have been let down. Parliament gave us a referendum and the people had their say yet the power has now been handed back to Westminster by our unelected establishment judges. This decision shows how broken the system is - true democracy is being thwarted."

RICHARD TICE, CO-CHAIR OF BREXIT CAMPAIGN GROUP LEAVE MEANS LEAVE:
"It is regrettable that anti-democracy campaigners have delayed the Brexit process for so long." "No more time must be wasted on this - a one line bill must be tabled this week in parliament and a clear timetable set out to ensure that Article 50 will be triggered no later than the end of March as promised by the prime minister."

FRANCES O'GRADY, GENERAL SECRETARY OF THE TRADES UNION CONGRESS:
"Before Article 50 vote MPs must see clear plan to protect working people from paying the price for Brexit and stop rights falling behind (the) EU."
"Parliament also needs detailed proposals for engaging UK devolved governments in Brexit talks and how we keep common travel area with Ireland."

ADAM MARSHALL, DIRECTOR GENERAL OF BRITISH CHAMBERS OF COMMERCE:
"The practical impact of this ruling, not the political intricacies, is what interests business communities across the UK. What businesses will want to know is whether this ruling will affect either the terms of the government's

approach, or the timeline that firms across the UK have been told to expect."

PHILIP SOUTA, HEAD OF UK PUBLIC POLICY AT LAW FIRM CLIFFORD CHANCE:
"Today's result comes as a surprise to no one. Unfortunately for businesses and other institutions Brexit still means uncertainty. Parliament remains divided and the outcome of the negotiations remain unknown."
"The government hopes that if they keep the scope of the expected bill very narrow, to just activating Article 50, then it is guaranteed to be amendment-proof. It is not that simple. That is the custom and practice of parliament, but they can depart from it if they want to."
"Defeat in the House of Lords would not stop Brexit from happening, but it could delay it until mid-2020."

Sturgeon raises independence spectre after court ruling

By Elisabeth O'Leary

Nicola Sturgeon raised the spectre of another Scottish independence referendum after Britain's Supreme Court ruled on Tuesday that the devolved assembly in Edinburgh did not need to be consulted on triggering Brexit.
"This raises fundamental issues above and beyond that of EU membership," the Scottish First Minister said.
"Is Scotland content for our future to be dictated by an increasingly right-wing Westminster government with just one MP (lawmaker) here," she asked. "Or is it better that we take our future into our own hands?
"It is becoming ever clearer that this is a choice that Scotland must make," she added.
Scots rejected independence in 2014 but Sturgeon's ruling Scottish National Party (SNP) says Britain's decision to leave the EU last June - against Scottish voters' wishes - have created the conditions for another independence referendum.
Sturgeon said the British government is politically obliged to consult the devolved assemblies on exiting the European Union, regardless of the Supreme Court ruling.
Tuesday's ruling said Prime Minister Theresa May's government was obliged to consult the UK parliament on triggering Brexit.
May has said Britain would quit the EU single market and impose immigration limits when it leaves the bloc and has promised to take Scotland into account in the process.
But Sturgeon was scornful about those pledges in the wake of the court ruling.
"The claims about Scotland being an equal partner are being exposed as nothing more than empty rhetoric and the very foundations of the devolution settlement that are supposed to protect our interests ... are being shown to be worthless," she said.
She said she would press on regardless and present a motion in the Scottish parliament to vote on the triggering of Article 50, which starts the Brexit process.

Scotland's First Minister and leader of the Scottish National Party (SNP), Nicola Sturgeon, addresses the party's annual conference in Glasgow, Scotland October 15, 2016. REUTERS/Russell Cheyne

French far-right leader Le Pen calls on Europeans to "wake up"

By Paul Carrel

France's National Front leader Marine Le Pen gestures after her speech during a European far-right leaders meeting to discuss about the European Union, in Koblenz, Germany, January 21. REUTERS/Wolfgang Rattay

French far-right leader Marine Le Pen urged European voters to follow the example of Americans and the British and "wake up" in 2017, at a meeting of right-wing leaders aiming to oust established parties in elections this year.

Le Pen told several hundred supporters in the German city of Koblenz that Britons' vote last year to leave the European Union would set in train a "domino effect".

A day after U.S. President Donald Trump took office, Le Pen said his inauguration speech included "accents in common" with the message on reclaiming national sovereignty proclaimed by the far-right leaders meeting in Koblenz.

"2016 was the year the Anglo-Saxon world woke up. I am sure 2017 will be the year the people of continental Europe wake up," she said to loud applause on Saturday.

Populist parties are on the rise across Europe. Unemployment and austerity, the arrival of record numbers of refugees and militant attacks in France, Belgium and Germany have left voters disillusioned with conventional parties.

Le Pen, head of the anti-European Union, anti-immigrant National Front (FN) and seen by pollsters as highly likely to make a two-person runoff vote for the French presidency in May, has marked out Europe as a major plank in her programme.

"The key factor that is going to set in course all the dominos of Europe is Brexit," Le Pen said. "A sovereign people chose ... to decide its destiny itself."

Of Trump, she added: "His position on Europe is clear: he does not support a system of oppression of peoples."

In a joint interview with the Times of London and the German newspaper Bild published on Monday, Trump said the EU had become "a vehicle for Germany" and predicted that more EU member states would vote to leave the bloc, as Britain did last June.

Le Pen said if elected she would ask the EU to return sovereign powers to France and hold a referendum on the outcome of negotiations she expected to follow. If the EU rejected her demands, she said: "I will suggest to the French people: exit!"

"FREE FATHERLANDS"

The far-right leaders met under the slogan "Freedom for Europe" with the aim of strengthening ties between their parties, whose nationalist tendencies have hampered close collaboration in the past.

"Together with the parties represented here, we want a subsidiary Europe of free Fatherlands," said Frauke Petry, leader of Germany's anti-immigration Alternative for Germany (AfD).

Several leading German media were barred from the Koblenz meeting, which was organised by the Europe of Nations and Freedom (ENF), the smallest group in the European Parliament. Also at the meeting were Geert Wilders, leader of the Dutch far-right Freedom Party (PVV), who was last month convicted of discrimination against Moroccans, and Matteo Salvini of the Northern League, who wants to take Italy out of the euro.

In the Netherlands, Wilders is leading in all major polls before national parliamentary elections on March 15.

Hailing Trump's election, Wilders told the meeting: "Yesterday, a free America, today Koblenz, and tomorrow a new Europe."

"The genie will not go back into the bottle," he added.

Sigmar Gabriel, the leader of Germany's Social Democrats, junior partner in Chancellor Angela Merkel's ruling coalition, joined a protest outside the venue.

Police said the demonstration was peaceful and about 5,000 people took part.

Banks put "hard" Brexit move plans into action

By Anjuli Davies and Andrew MacAskill

Global banks have begun signalling how they will put plans into action to cope with a "hard" exit by Britain from the European Union.

Until now, banks have considered varying degrees of upheaval to their British-based businesses, depending on whether the outcome of Brexit was "hard" or "soft."

But after Prime Minister Theresa May said that Britain would leave the single market, bankers have already begun giving more details on how they will adapt.

Bank executives will present plans to their boards in the coming months outlining where they want to relocate operations to and how much it will cost, banking industry sources said.

The movement of jobs from London is likely to be slow at first, with banks more focused on getting regulatory approval and installing the necessary infrastructure for new or bolstered EU outposts so they can continue to sell products and service EU customers.

HSBC and UBS have both warned they could move around 1,000 jobs out of London.

"All the banks are doing the non-harmful stuff first in an attempt to get ahead of the curve," a senior executive at one of Europe's largest banks said.

This will focus on areas such as licence applications, and building technology platforms, according to lawyers.

Some jobs could move or be created to help with this, but most banks will move the bulk of staff further down the line.

"Most banks will make decisions on where to shift business by the end Q1, with initial headcounts of '100 to a few 100' to be moved," said one of the sources familiar with bank relocation plans, speaking on condition of anonymity.

A senior executive at a European bank said they were willing to spend about $100 million preparing to move from Britain before the completion of any divorce from the EU.

But as they move or hire staff, rent out real estate and - crucially - build up the capital buffers of their EU divisions that price tag will rise.

Eight major US and European banks face a combined $7.5 billion bill in the next five years if they need to move capital markets operations out of London as a result of Brexit, analysts at JP Morgan have estimated.

QUIVERING OVER THE BUTTON

The scale of the changes banks need to make depends on the type of entities and licences they currently have in Britain and the rest of the EU.

"I think the quivering over the button is dependent on business model and what you use the UK for," Douglas Flint, chairman of HSBC, Europe's biggest bank, told British members of parliament last week.

"If you are a foreign institution hubbing into Europe from London, you really have no choice other than to think very quickly and carefully how to replicate the access to Europe ... If you have already established operations in Europe, you can take your time".

HSBC says it has the licences it needs for its mooted move to Paris and only needs to set up a so-called intermediate holding company in France, a move that should take only a matter of months.

The bank has said it will shift staff from its markets business to Paris but only in around two years time.

The five largest U.S. banks, on the other hand, will need to apply for many new licences and, in some cases, establish brand new entities in the EU right away.

Currently they employ around 40,000 people in London, more than in the rest of Europe combined, and rely on the EU "passporting" regime that allows them to offer services across the bloc out of their British hubs.

Since the Brexit vote U.S. banks have talked with governments and regulators in several major European cities to look at where to base certain operations.

Regulators in Frankfurt have spoken

A river ferry passes in front of the Canary Wharf business district at dusk in London, Britain December 11, 2016. REUTERS/Toby Melville

with "a significant double-digit number of banks" considering moving to the German city, including big U.S. banks, Japanese banks and other European banks, according to sources familiar with the matter.
Goldman Sachs was considering moving some assets and operations to Frankfurt, sources told Reuters in October.
Senior delegations, including management level representatives from international banks have recently made trips to Frankfurt to scout around schools, real estate, and residential areas, according to another source familiar with banks' planning. Ireland's central bank has had over 100 enquiries from UK financial firms considering moving, Finance Minister Michael Noonan said on Tuesday. Robert Mac Giolla Phadraig, chief commercial officer of Irish headhunter, Sigmar Recruitment, said his firm was working on four projects for financial companies in London shifting staff to Dublin, including moving 25, 80, 120 and about 200 jobs for those projects respectively. But as banks flesh out plans for what and where they move, Bank of England Governor Mark Carney has warned that Britain's giant financial services sector could be undermined like a wobbly wooden tower in the popular game of Jenga if key parts of the industry shift elsewhere because of Brexit.
"What people still don't get is that London is home to systemic financial infrastructure and dismantling it will lead to higher costs of doing business," said another senior executive at a global bank.
"You need to think of it as a mega nuclear power plant. It's a systemic matter and you need be careful at dismantling it."

FACTBOX

Impact on banks from Britain's vote to leave the EU

Global banks have warned they could move thousands of jobs out of Britain to prepare for the expected disruption caused by the country's exit from the European Union, posing a risk to London's status as a major financial centre.
Leading financial firms warned for months before last June's Brexit referendum that they would have to move some jobs if there was a leave vote, and have been working on plans for how they would do so for the past six months.
More details are starting to emerge after Prime Minister Theresa May confirmed Britain would leave the European single market, ending banks' hopes they might retain "passporting" rights that let them sell their services across the EU out of their London hubs. Below are comments and reports on banks about their potential Brexit plans

REUTERS/Suzanne Plunkett

HSBC
Stuart Gulliver, CEO of HSBC, Europe's biggest bank, said his bank will relocate staff responsible for generating around a fifth of its UK-based trading revenue, or around 1,000 people, to Paris.

BARCLAYS
Barclays Chief Executive Jes Staley told BBC Radio in an interview in Davos that the bank will keep the bulk of its activities in Britain after the UK leaves the European Union, saying that any changes to how the bank operates will be small and manageable.

UBS
Swiss bank UBS's Chairman Axel Weber said at the World Economic Forum in Davos in January that about 1,000 of the Swiss bank's 5,000 employees in London could be affected by Brexit.
Separately, Chief Executive Sergio Ermotti said that UBS has a degree of flexibility if its UK outpost looks set to lose its ability to operate across the European Union once Britain leaves the bloc.
The world's biggest wealth manager has also set up a bank in Frankfurt to consolidate most of its European wealth management operations, after Britain's vote to leave the European Union dashed London's chances of being the host city.

CREDIT SUISSE
Credit Suisse's Chief Executive Tidjane Thiam said in September that his bank was relatively well placed to deal with the impact of Brexit and that only around 15-20 percent of volumes in the investment bank would be impacted.

LLOYDS
Lloyds Banking Group, Britain's largest mortgage lender and the only major British retail lender without a subsidiary in another EU country, is considering setting up a subsidiary in Frankfurt as Britain prepares to leave the European Union, a person familiar with the plans told Reuters.

GOLDMAN SACHS
U.S bank Goldman Sachs is considering moving up to 1,000 staff from London to Frankfurt because of

concerns over Britain's vote to leave the European Union, Germany's Handelsblatt newspaper reported in January, citing financial sources.
The bank is considering halving its

REUTERS/Chip East

London staff to 3,000 and moving key operations to New York and continental Europe, particularly Frankfurt, the paper reported.
Three people familiar with the matter told Reuters in November that Goldman Sachs is considering shifting some of its assets and operations from London to Frankfurt.

MORGAN STANLEY
U.S. bank Morgan Stanley has identified many of the roles that will need to be moved from Britain following its exit from the European Union, sources involved in the processes told Reuters.
Morgan Stanley, which bases the bulk of its European staff in Britain, will have to move up to 1,000 jobs in sales and trading, risk management, legal and compliance, as well as slimming the back office in favour of locations overseas, one source told Reuters.

CITIGROUP
Citigroup, which has also identified roles that will need to be moved out of the UK and has a large banking unit in Dublin, will need to shift 100 positions in its sales and trading business, sources with knowledge of the matter said.
Separately, Citigroup's European chief said the U.S bank would make a decision on its Brexit contingency plans in the first half of the year and choose from a number of potential EU counties to relocate some investment banking business.

JPMORGAN
JPMorgan Chase & Co could be forced to move 4,000 of its 16,000 staff currently based in Britain if the country loses access to the single market, bank CEO Jamie Dimon warned in June. "It looks like there will be more job movement than we hoped for," Dimon told Bloomberg TV in an interview at the World Economic Forum in Davos in January.

BOFA
Bank of America Corp said in August that its businesses and results could be adversely affected and it may have to incur additional costs if Britain's exit from the European Union limits the ability of its UK entities to conduct business in the bloc.

REUTERS//Toby Melville

Morgan Stanley, Citi plan Brexit job moves – sources

By Pamela Barbaglia and Arno Schuetze

U.S. banks Morgan Stanley and Citigroup have identified many of the roles that will need to be moved from Britain following its exit from the European Union, sources involved in the processes told Reuters.
Morgan Stanley, which bases the bulk of its European staff in Britain, will have to move up to 1,000 jobs in sales and trading, risk management, legal and compliance, as well as slimming the back office in favour of locations overseas, according to one source.
Citigroup, which already has a large banking unit in Dublin, will need to shift 100 positions in its sales and trading business, sources with knowledge of the matter said.
Leading financial firms warned for months before last June's Brexit referendum that they would have to move some jobs if there was a leave vote, and have been working on plans for how they would do so for the past six months.
More details are starting to emerge after Prime Minister Theresa May confirmed Britain would leave the European single market, ending banks' hopes they might retain "passporting" rights that let them sell their services across the EU out of their London hubs.
HSBC and UBS said on Wednesday they could each move about 1,000 jobs out of London.
A spokesman for Morgan Stanley said no decisions had been taken with regard to its Brexit plans.
"Our focus is on ensuring that we can continue to service our clients whatever the Brexit outcome," he said. "To that end, we continue to evaluate what changes we may need to make to our business".
A spokeswoman for Citi declined to comment.
Morgan Stanley currently bases the

vast majority of its European staff in Britain, employing around 6,000 people there. It has relied on passporting out of London to service it clients elsewhere in the EU.
In order to continue certain businesses such as trading European securities it will need to shift those operations to a licensed entity in the regional bloc.
The source said that given the bank already had a trading licence in Frankfurt, it was likely to move most of these jobs there despite some of the city's other drawbacks.
"We don't like Frankfurt but that's the only place to go," the source said. "Culturally, it's not a vibrant city".
The source added that U.S. regulators were expected to discourage U.S. banks from moving to countries with a poor country credit rating such as Ireland and Spain.
James Gorman, chairman and chief executive of Morgan Stanley, told analysts this week that Brexit was "a moving chessboard".
"We like the UK, we like the rule of law in the UK, [and] our aspiration is to keep as much of our business there as possible," he said.
"But to the extent we have to comply with, obviously, the Brexit rules, we'll be putting a headquarters somewhere in continental Europe and that will have some implications going forward".
Investment banking roles, such as merger and acquisition bankers, are expected to be able to stay in London. Citigroup, which has almost 60 percent of its European headcount based outside Britain, has a relative advantage over most other U.S. banks, given its Ireland banking outpost which is regulated by the European Central Bank.
However, it needs to bulk up sales and trading operations within the bloc and apply for the relevant licences to be able to continue trading with the rest of Europe if passporting rights are lost in a post-Brexit world.
Sources involved in its planning say the bank may have to move 100 or so people in its sales team because of that, though there has not yet been a decision on any location.
"Every business unit is currently discussing where to shift jobs, they won't all go to one location," one source said.

A view of the Morgan Stanley London headquarters at Canary Wharf financial centre in London, Britain June 24, 2016. REUTERS/Russell Boyce

HSBC, UBS to shift 1,000 jobs each from UK in Brexit blow to

By Pamela Barbaglia

Two of Europe's biggest banks warned on Wednesday that they could each move about 1,000 jobs out of London as they prepare for expected disruption caused by Britain's exit from the European Union.
UBS Chairman Axel Weber said that about 1,000 of the Swiss bank's 5,000 employees in London could be affected by Brexit, while HSBC Chief Executive Stuart Gulliver said his bank will relocate staff responsible for generating around a fifth of its UK-based trading revenue to Paris.
Germany's Handelsblatt newspaper also reported that Goldman Sachs is considering halving its London workforce to 3,000 and moving key operations to New York and continental Europe, particularly Frankfurt, where it could move up to 1,000 staff.
A Goldman Sachs spokeswoman in Frankfurt said the bank does not recognise the numbers in the Handelsblatt report and that it has yet to make a decision on the matter.
Leading financial firms warned for months before Britain's June referendum on European Union membership that they would move jobs out of the country if there was a vote to leave but have set out few details since on how many will go or where to.
"We will move in about two years time when Brexit becomes effective," HSBC's Gulliver told Reuters at the annual meeting of the World Economic Forum.
And in another potentially damaging blow to London's status as Europe's main financial centre, UBS's Weber told the BBC in Davos that 1,000 staff working in businesses that would be hit by Britain losing its 'passport' to sell financial services in Europe would be affected.
Other banks are expected to announce more concrete plans for how they will adapt to Brexit in the

coming months after Prime Minister Theresa May confirmed in a speech on Tuesday that Britain would leave the European single market.

FRANFURT SUBSIDIARY

Goldman staff moving to Frankfurt would include traders and managers responsible for regulation and compliance, financial sources told Handelsblatt. The bank is setting up a new subsidiary in Frankfurt to bring European operations together.
Back-office personnel would move to Warsaw and investment bankers who advise French and Spanish companies would move to those countries, Handelsblatt reported, while trading staff who develop new products would move to New York.
HSBC, Europe's biggest bank, is at an advantage to its major U.S. rivals as it already has a large subsidiary in Paris that holds most of the licences needed by an investment bank, meaning that Gulliver has been able to set out more detailed plans.
It is expected to move about 1,000 staff involved in trading products, such as European stocks, that are regulated by the EU. HSBC's global banking and markets division, which houses those roles, made a $384 million profit in the UK in 2015, a company filing showed.
In 2016 UBS set up a bank in Frankfurt to consolidate most of its European wealth management operations in an effort to conserve capital and simplify its structure.
Meanwhile, Lloyds Banking Group is considering setting up a subsidiary in Frankfurt, though no final decision has been taken, according to a person familiar with the plans.

REUTERS/Luke MacGregor

The shift of jobs will be a blow to the City of London, which has been lobbying since the Brexit vote for financial firms in Britain to retain the EU 'passporting rights' that allows them to sell their services across the bloc. But passporting is unlikely to continue with Britain outside the European single market and companies say they are now likely to press ahead with plans to move staff, even though May said she would try to negotiate some form of market access. The City's best hope will be for the government to agree a transitional arrangement whereby financial businesses can continue to operate out of Britain across the EU for a number of years after Brexit, in the hope that a favourable access deal is achieved in the interim.
"We would like to see a transitional agreement announced as soon as possible," Mark Boleat, policy chairman at the City of London Corporation, said in a statement after May's speech.
HSBC shares closed 1.8 percent up, against a 0.2 percent fall in the broader European banks index. UBS shares were down 2.1 percent.

British banks' optimism hits crisis-era low on Brexit uncertainty

Optimism about the business environment for Britain's financial services firms fell for a fourth consecutive quarter, according to a survey published on Monday, the longest decline since the global financial crisis.
The latest quarterly survey of 103 financial services firms by business lobby CBI and consultancy PwC found sentiment about Britain's overall business climate fell the most since December 2008, with banks especially pessimistic.
90 percent of banks surveyed said preparing for the impact of Britain's exit from the European Union was their top challenge.
"Uncertainty has contributed to the low levels of optimism reported by many financial services companies, particularly by the banks," Andrew Kail, Head of Financial Services at PwC, said in the report. Banks have begun signalling how they will put plans into action to cope with a "hard" exit by Britain from the EU, after Prime Minister Theresa May said Britain will leave the single market.
Kail also said that greater clarity on the UK position on Brexit from the Prime Minister's speech this week was welcome, not least a commitment to a period of phased implementation.
The survey revealed a more optimistic outlook for hiring, with 18 percent of financial firms saying they had increased employment in the period compared with 10 percent showing a decrease. IT was the biggest area for new jobs. The survey also said firms considered increasing their dialogue with regulators as the biggest priority as Britain negotiates its EU exit.

Bankers expect Britain to back Brexit transition calls

By Carmel Crimmins

Top bankers are confident that British Prime Minister Theresa May's government will support a transition period of several years for the financial sector to cope with Britain's exit from the European Union.

May met the heads of major U.S. financial firms at the World Economic Forum in Davos on Thursday to discuss their concerns. PM confirmed on Tuesday that Britain would quit the single market when it exits the EU, although she said she would back an "implementation" period.

Financial firms have accepted that they will lose their 'passporting' rights to freely sell services across the 28-nation bloc after Brexit, but want more time to adapt to whatever terms are agreed with the EU.

"I think the government does [support it] because I think they understand the complexity of this," Barclays Chairman John McFarlane, who is also chair of financial industry lobby group TheCityUK, told Reuters earlier on Thursday.

A source familiar with the talks in Davos, which included executives from Goldman Sachs and Morgan Stanley, said May had been receptive to their points on transition.

"All the banks want a multi-year agreement. She seemed to understand that. They talked about changing the name from 'transitional' arrangement to something that was less open for negotiation," the source said.

Brexit minister David Davis said on Wednesday companies will have a maximum of a two-year transitional deal to help smooth Britain's exit from the EU after 2019, although May said Tuesday the length of any such deal may vary for different industries. That could fit with what British bankers are calling for.

"We want a standstill arrangement for three years, that would kick in after the government's negotiations on Brexit are finalised," McFarlane said.

GROWTH AT STAKE

Bank of America chief executive Brian Moynihan told Reuters that May had made it clear in her speech on Tuesday that she wanted to get Brexit right by allowing enough time for implementation, adding that banks now need to persuade the EU that economic growth could be at stake without a transition.

"We as an industry have got to get that message across because you don't want to disrupt the economies that are now starting to grow a little bit, you don't want to disrupt the free flow of capital, you don't want to disrupt people's lives," Moynihan said. Meanwhile, international and British banks, insurers and asset managers are seeking a bespoke deal with Europe that would give 'mutual recognition' to as many of their products and services as possible, McFarlane said.

And while UBS and HSBC warned that they could each move about 1,000 jobs out of London, Barclays will keep the bulk of its activities in Britain after Brexit, its chief executive Jes Staley told the BBC on Thursday.

The Canary Wharf financial district is seen at dusk in east London, Britain November 7, 2014. REUTERS/Toby Melville

In Davos, PM May unveils vision for global Britain post-Brexit

By Elizabeth Piper and Noah Barkin

Prime Minister Theresa May unveiled her vision for Britain after Brexit on Thursday, describing its future role as a defender of free trade and globalisation in a speech intended to ease concerns among the global business elite.

In her first appearance at the World Economic Forum in Davos, where the world's business elite congregates in the Swiss Alps, May pressed her mantra that Britain would become more global after voting to leave the European Union. Just two days after she warned the EU that no deal was better than a bad deal, May sought to soothe ties with the bloc and played to her audience, a mixture of business and political leaders, by promoting Britain's investment advantages.

"I want to explain how ... the United Kingdom - a country that has so often been at the forefront of economic and social change - will step up to a new leadership role as the strongest and most forceful advocate for business, free markets and free trade anywhere in the world," she told a packed congress hall.

"Our decision to leave the European Union was no rejection of our friends in Europe, with whom we share common interests and values and so much else. It was no attempt to become more distant from them, or to cease the cooperation that has helped to keep our continent secure and strong."

CONCILIATORY TONE

May said there would be times of uncertainty after Britain triggers Article 50 of the EU's Lisbon Treaty to start some of the most complicated talks the country has waged since World War Two, but spoke of her confidence for the future.

It was a more conciliatory tone than the one heard in her speech on Tuesday, when she warned that Britain could change its economic model if shut out of access to the single market, echoing comments by her finance minister that the government could cut taxes to maintain competitiveness.

May's comments drew applause in Davos, but most of the discussion focused on Tuesday's speech.

"I thought she had a very hard act to follow, which was her own, and that she was great on Tuesday," Barbara Judge, chairman of Britain's Institute of Directors, told Reuters.

She credited May with calming business fears of falling off a cliff edge into uncertain trading conditions when she explained that she wanted the phased implementation of any deal.

"I believe the most significant part of the speech was the wording that it's not going to be transitional but a phased process of implementation because that shows it's not a cliff edge - it's learning how to feel comfortable in the new world."

Even some of May's critics praised Tuesday's speech. Mark Malloch-Brown, a former Labour government minister and an independent member of Britain's upper house of parliament, described it as "well-managed".

"I think it certainly quieted the critics who said she had no plan," he told Reuters, adding that only time would tell whether May could pull off the complicated negotiations.

One Davos attendee added:

"She says all the right words, the question is whether anyone believes them?"

Britain's Prime Minister Theresa May attends the World Economic Forum (WEF) annual meeting in Davos, Switzerland January 19. REUTERS/Ruben Sprich

Britain warns EU: we'll find ways to compete if no trade deal

By Stephen Adler and Elizabeth Piper

Britain's Chancellor of the Exchequer Philip Hammond walks through Downing Street in London,Britain January 18. REUTERS/Neil Hall/Files

British finance minister Philip Hammond warned the European Union on Thursday that Britain would find other ways to remain competitive after Brexit if it did not strike a comprehensive trading deal with the bloc.

At the World Economic Forum in Davos, Switzerland, he stuck closely to the government's message that it wants to explore ways with the EU to ensure that decades of close ties are not broken - saying with goodwill, anything was possible.

But Hammond, who is keen to show Davos that Britain is "open for business", said while the government did not want to leave the economic mainstream and trigger a race to the bottom on tax, the decision was "not entirely in our gift".

"We have to remain competitive. The best way to do that is to have a comprehensive trading relationship with the European Union, our closest neighbours," the finance minister, known as the Chancellor, told Reuters.

"But if we can't achieve that then we will have to find other ways to maintain our competitiveness, because our first obligation of government is to make sure that our people are able to maintain their standard of living."

Hammond later said that this was not a threat, but German Finance Minister Wolfgang Schaeuble said Britain should not try to gain competitive advantage by cutting corporate tax rates after the G20 leading economies agreed not to do so in 2015.

Recalling a pledge by Prime Minister Theresa May to make Britain a global player post-Brexit, Schaeuble said: "A truly global economy has to stick to what's been agreed globally."

FAR APART

Britain and the EU have stuck fast to their opening gambits as May prepares to trigger some of the most complicated talks since World War Two by the end of March.

The prime minister said in a speech this week that Britain would quit the EU single market when it leaves the European Union.

She threatened to withdraw the bloc without any agreement with Brussels in place, unless she failed to win a good deal, in what aides say was a speech aimed at a domestic audience. British officials however now hope to reassure businesses in Davos that there will be prospect of falling off a "cliff edge" into uncertain trading conditions.

On Wednesday, two of the world's biggest banks, UBS and HSBC, said they could each move about 1,000 jobs out of London to prepare for Brexit disruption.

In her speech on Tuesday, May did offer some comfort to those who want to see Britain retain close ties with the EU, saying that she is aiming to secure an agreement that "may take in elements of current single market arrangements in certain areas" and to have a customs agreement with the EU.

'WELCOMING SOCIETY'

Asked how such an arrangement could work, Hammond said Britain wanted to explore options to find ways in which businesses - including the financial industry, which fears losing the right to sell their services in the bloc - could trade freely.

"Obviously we can't be in the full customs union because the restrictions that implies goes beyond the political imperatives from a UK point of view," said Hammond, who had campaigned to stay in the EU ahead of the Brexit referendum in June last year.

"But we have a lot of reasons on both sides of this discussion to want to try and maintain the most frictionless border system possible," he said, pointing to fresh produce imports every day, which neither side would want to disrupt.

And he said Britain would always be an attractive investment destination because of "the high level of confidence in our institutions".

British economic growth would slow this year, but the government did not expect to have to borrow more to keep the economy afloat, said Hammond, adding that Britain was still a haven for foreign talent and entrepreneurs.

"We want to go on being that kind of open, welcoming society which people choose as a venue to do their business," he said.

UK launches interventionist drive for post-Brexit industrial revival

By William James

Britain's government on Monday unveiled a new interventionist approach to rebalance its heavily services-based economy for the post-Brexit era, in a break with traditional Conservative laissez-faire economic policy.

Prime Minister Theresa May's "Modern Industrial Strategy" demands closer collaboration in key industries in exchange for government support, aiming to increase productivity, reinvigorate industrial production and stimulate investment in technology and R&D.

The focus on industry and the shift to a governmental hands-on approach challenges the laissez-faire ideology championed by former prime minister Margaret Thatcher.

"Underpinning this strategy is a new approach to government, not just stepping back and leaving business to get on with the job, but stepping up to a new, active role that backs business," May wrote in a consultation document on the policy.

May asked businesses to work together to tackle industry-specific challenges, citing examples of successful collaboration that have helped attract overseas investment from the likes of carmaker Nissan, and enabled aerospace firms such as BAE Systems to develop a competitive edge.

In return she pledged to reciprocate with "Sector Deals" that address regulatory barriers, look at how trade and investment deals can be used to increase exports, and support the creation of new institutions to provide leadership, drive innovation or boost skills. The government said early work had been done on deals for a number of industries: life sciences, ultra-low emission vehicles, nuclear and creative industries. But it said it would work with any sector that could "organise behind strong leadership to address shared challenges and opportunities".

PRODUCTIVITY PUZZLE

The plan aspires to distribute wealth more evenly, following decades of industrial decay in parts of Britain.

The economy's narrow base has been blamed for a mood of disenfranchisement that drove many voters to back Brexit.

It aims to boost Britain's productivity, which has long lagged European rivals Germany and France. It cited the success of targeted government intervention in countries including the United States and South Korea.

The outline of was set out in a "Green Paper" inviting views from industry on the government's objectives.

The government listed 10 strategic pillars behind its strategy such as skills development and improved procurement.

The publication drew positive responses from businesses looking to push their industries to the top of the government's agenda, ranging from waste management firms to builders of new nuclear plants.

But not all sectors felt they would benefit. A consumer goods industry executive, who declined to be named, said consumer goods were very far down the priority list.

"The high-skilled and high-paid, that’s what drives economic spending and growth. Pharmaceuticals, heavy industry, IT – all those sectors are always going to be the ones that are more favoured," the executive said.

Prime Minister Theresa May holds a regional cabinet meeting in Runcorn, Cheshire, as she launched her industrial strategy for post-Brexit Britain with a promise the Government will "step up" and take an active role in backing business, Britain, January 23. REUTERS/ Stefan Rousseau

BACK IN FASHION

Since coming to office weeks after Britain's vote to leave the EU last year, May has pushed the once-unfashionable concept of industrial strategy to the top of her agenda, creating a new government department to lead the project, and chairing a top-level cabinet

committee on the subject.
Britain's impending exit from the EU threatens to undermine the financial services sector, with several banks planning to shift thousands of jobs abroad because they fear they will lose access to the EU market.
May said last week that Britain would be withdrawing from the single market, and seeking a free trade agreement with the EU instead - a path critics have described as a "Hard Brexit" that would undermine the industrial strategy. "It's like the manager tying their team's bootlaces together while telling them they have a plan to win the match," said Don Foster, business spokesman for the rival and pro-EU Liberal Democrat party. May presented the full proposals, including plans to boost the teaching of technical skills and mathematics, and a 556-million pound boost for infrastructure projects, at a specially convened cabinet meeting in northwest England.

BlackRock hires former UK finance minister Osborne as adviser

By Trevor Hunnicutt and William James

Former British finance minister George Osborne, who lost his job after Britain's vote to leave the European Union, will join BlackRock Inc as an adviser next month, the world's largest asset manager said on Friday.
Osborne, 45, became the country's youngest finance minister in more than 100 years when he was appointed in 2010 to spearhead an austerity drive by the Conservative-led government following the global financial crisis. He was widely considered a likely future prime minister.
A prominent campaigner for Britain to remain in the EU, Osborne remains a member of parliament.
Osborne will work as a part-time senior adviser to the BlackRock Investment Institute, an arm of the asset manager that serves as a think tank on investment strategy.
In its recent outlook for 2017, the group warned about "a forest fire of populism around the world," and said that it may become increasingly hard to generate high returns from investing.
Osborne resigned as finance minister shortly after the June "Brexit" vote that roiled markets.
"George has a unique and invaluable perspective on the issues that are shaping our world today," BlackRock Chief Executive Larry Fink said in a statement.
Osborne will advise on European politics, Chinese economic reform, and the impact of low investment yields and other trends on retirement planning, according to the statement.
The role was approved by the British government's Advisory Committee on Business Appointments on the condition that Osborne did not draw on privileged information he received as finance minister and that he refrain from personally lobbying the government on behalf of BlackRock or its clients until July 2019.
"It will be written into your contract that you will not be expected to be involved in any work for, or seek work with, the UK Government," a letter from the committee said.
BlackRock managed $5.1 trillion at Dec 31. Osborne's appointment continues a long tradition of high-profile political appointments to financial firms. Former prime minister Gordon Brown sits on the global advisory board at investment manager Pacific Investment Management Co (Pimco) as does former U.S. Federal Reserve Chairman Ben Bernanke.
Brown's predecessor Tony Blair joined JPMorgan Chase & Co in 2008 shortly after leaving office.
Former British foreign minister William Hague was appointed senior adviser to Wall Street bank Citigroup Inc earlier this week.

Former chancellor George Osborne smiles during a Northern Powerhouse Partnership think tank meeting in Manchester, Britain September 16, 2016. REUTERS/Phil Noble

Britain can discuss but not seal trade deals while still in EU

Britain can discuss but not seal bilateral trade deals while it remains a member of the European Union, the deputy head of the bloc's executive, which will lead the technical negotiations on Brexit, said on Tuesday.
Frans Timmermans' words raised the prospect of obstacles and delays for Britain's plan to pursue trade pacts with the United States and other nations as it prepares to leave the bloc.
British Prime Minister Theresa May had promised to start the divorce proceedings in March - though the timing of the exit was called into question on Tuesday when a top court ruled she must first seek approval from parliament.
"It's a very simple legal situation," said Timmermans, First Vice-President of the European Commission.
"Everybody can talk to everyone, but you can only sign a trade agreement with a third country once you have left the EU. You can't do that before," Timmermans told reporters.
His comments seemed slightly less rigid that those of his boss, the Commission's President Jean-Claude Juncker, who said last year he did not like the idea of Britain negotiating trade agreements on its own while Brexit has not materialised.
The line has been echoed by Italy's Europe minister, Sandro Gozi, who is also attending a meeting of EU ministers and officials in Malta: "It is clear that trade is an exclusive competence (of central EU institutions on behalf of member states). As long as UK remains member of the EU, it should respect the EU law."
EU regulations give both sides two years from the moment the exit clause is triggered to negotiate and agree the divorce before it comes to fruition.

Brexit is opportunity to pull Europe closer together -EU official

The European Union Parliament's chief Brexit negotiator on Monday said Britain's decision to make a clean break from the EU was an opportunity to reform Europe and avoid a further breakdown in ties between its remaining member states.
Former Belgian Prime Minister and member of the European Parliament Guy Verhofstadt also said the election of U.S. President Donald Trump, and what he views as Washington's move toward more protectionism, is a wake-up call for the EU.
"The Brexit discussion is a good opportunity not only to discuss and negotiate a new agreement, a new partnership with Britain, but also to fix that now it is time to have a real government in Europe," Verhofstadt said in an interview with Reuters in New York while promoting his new book: "Europe's Last Chance."
In June, Britons voted 52-48 percent to leave the EU, triggering a change of government leadership and the appointment of Theresa May as Prime Minister. On Jan. 17 May said Britain will leave the EU's single market when it exits the European Union. She wants to start the process by the end of March.
However, Britain's Supreme Court will rule on Jan. 24 on whether parliament must first agree to triggering


REUTERS/Francois Lenoir

Article 50, which formally starts Britain's two-year divorce process.
Verhofstadt said it was "far too early" to speculate on the impact for Britain, or the City of London, Europe's biggest financial center.
"It is clear the transition needs to be limited in time. I have seen temporary things become eternal," Verhofstadt said, adding: "What is far more important is a clear triggering of 50, a clear proposal by the British government and how they see the partnership in the future."
"We have to see if they ask for a free trade agreement. It could be something different," he said.
Verhofstadt is working to get Parliament a seat at the negotiating table rather than be consulted before and after each round of talks.
"We have to conclude before the European elections of 2019," he said, reiterating that Britain will not be able to choose policies allowing it to fare better by being outside of the EU instead of being a full member.
Rather than retreat and fracture, Europe should create a political and defense union, and unify its common market across more industries and service sectors, Verhofstadt said.
"It is a wake-up call," he said, driven by "Brexit, and amplified by the elections in the United States."

In generation shift, Sinn Fein names O'Neill as N.Ireland leader

By Amanda Ferguson

Sinn Fein named Michelle O'Neill to succeed Martin McGuinness and lead the Irish nationalist party into Northern Irish elections in March, marking a shift towards a generation not directly involved in decades of conflict.

McGuinness, a former Irish Republican Army (IRA) commander turned peacemaker, bowed out of frontline politics last week, saying illness and Northern Ireland's current political crisis had led him to step down several months earlier than planned.

He was also deputy First Minister of Northern Ireland.

"This is the handover of a primary leadership position from my generation, from Martin's generation, to another generation," Sinn Fein President Gerry Adams told a news conference.

O'Neill was 21 when she began her political career as an advisor at Northern Ireland's devolved assembly in 1998, the year the Good Friday peace agreement was signed, largely ending the bloody period of "The Troubles".

McGuinness was Sinn Fein's chief negotiator in the peace talks between Catholic nationalists seeking a united Ireland and Protestant pro-British unionists wanting to remain in the United Kingdom.

Outgoing Health Minister O'Neill, who turned 40 this month, was the first woman to serve as mayor of her local council area before being elected to the assembly 10 years ago.

Her father, a former Sinn Fein councilor, was jailed during the conflict.

REUTERS/Clodagh Kilcoyne

Her appointment by the party's leadership also raises the prospect that Sinn Fein could soon be led on both sides of the Irish border by women from a younger generation.

Adams, the party's president for more than 30 years and its leader in the Irish Republic, where it is a growing force, has also said he is preparing to make way, as the former political wing of the IRA broadens its appeal to voters.

Deputy leader Mary Lou McDonald is favourite to succeed him.

O'Neill faces the task of repairing relations with the pro-British Democratic Unionist Party, with whom Sinn Fein led the British province's power-sharing devolved government for a decade before its collapse last week.

The March 2 election will be followed by renegotiations on the terms of power-sharing to avoid a return to direct rule from London as Britain begins talks to leave the European Union. Sinn Fein has called for Northern Ireland to be given a special designated status within the EU once Britain leaves, after the majority of the province voted against Brexit. The DUP backs making a clean break from the EU.

"The British government is clearly on a collision course with the EU in which our economy and peace agreements are regarded as collateral damage," O'Neill said, after embracing McGuinness whom she described as a political giant.

"We must defend the democratic mandate of the people to remain within the EU."

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