

FINANCIAL MARKETS

THE BREXIT
AMENDMENTS
EXPLAINED



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IS THIS DEMOCRACY IN ACTION?

FOREWORD

Earlier this week, we saw the British parliament establish a clearer path for Brexit.

After rejecting Prime Minister Theresa May's proposed withdrawal agreement, the onus was on MPs to now propose solutions of their own. To do this, MPs could vote for or against seven amendments.

Each of these amendments presented different ideas on how to progress with Brexit. In this eBook, we explore which of those amendments were passed by parliament.

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THE BREXIT AMENDMENTS

JEREMY CORBYN'S (LABOUR) AMENDMENT

The Labour leader proposed an amendment that could see parliament vote on two alternative Brexit paths.

One path is what many call the "The Second Referendum". This is essentially a public referendum to determine how to proceed with Brexit.

The other path is a different Brexit withdrawal agreement based upon Labour's policy of establishing a permanent customs union with the European Union.

Jeremy Corbyn's amendment also suggested that the government should rule out a "No Deal" Brexit. Remember - a "No Deal" Brexit is the default legal position come Friday 29th March. Many businesses and investors are anxious about the prospect of a "No Deal", as it could disrupt international supply chains.

Jeremy Corbyn's amendment was ultimately defeated. A total of 327 MPs voted against the amendment, while 296 MPs voted for it.

DOMINIC GRIEVE'S (CONSERVATIVE) AMENDMENT

The Conservative MP proposed an amendment that would grant the British parliament time to debate genuine alternatives to Prime Minister Theresa May's withdrawal agreement. The debates would last six days and take place before Tuesday 26th March.

While this amendment had some cross-party support, it too was defeated. In total, 321 MPs voted against this amendment, while 301 MPs voted for it.

RACHEL REEVES' (LABOUR) AMENDMENT

The Labour MP proposed an amendment that would require the UK government to delay Brexit (which requires the agreement of the EU) if a deal wasn't agreed before February 26th 2019. This amendment didn't suggest how long that delay should be.

This amendment was defeated. A total of 322 MPs voted against it, while 290 MPs voted for it.

YVETTE COOPER'S (LABOUR) AMENDMENT

The Labour MP proposed an amendment that would, by law, delay Brexit until 31st December 2019 - if a deal with EU wasn't agreed by February 26th 2019.

Had this amendment passed, Prime Minister Theresa May would

have needed to ask the EU for an extension to Article 50.

While this amendment also had cross-party support, it didn't secure a majority. A total of 298 MPs supported the amendment, while 321 voted against it.

IAN BLACKFORD'S (SNP) AMENDMENT

The leader of the Scottish National Party proposed an amendment to rule out a "No Deal" Brexit. It also suggested that Article 50 - the mechanism by which the UK leaves the European Union - should be extended.

This amendment was also defeated. Some 327 MPs voted against it, while only 39 MPs voted in support.

GRAHAM BRADY'S (CONSERVATIVE) AMENDMENT

The Conservative MP proposed an amendment that would see the government attempt to secure changes to the controversial "backstop" insurance policy.

Remember - this is the issue that saw Prime Minister Theresa May's withdrawal agreement defeated in parliament. Too many MPs think the proposed backstop arrangement gives the EU too much power.

Should that issue be resolved, her deal could have a chance of getting through parliament.

She now has the mandate to return to the EU and attempt to

secure changes. A total of 317 MPs voted for the amendment, while 301 MPs voted against it.

CAROLINE SPELMAN'S (CONSERVATIVE) & JACK DROMEY'S (LABOUR) AMENDMENT

Despite their traditional political differences, these two MPs proposed an amendment to rule out a "No Deal" Brexit.

While this amendment isn't legally binding, it passed through parliament. A total of 318 MPs voted for it, while 310 MPs voted against it.

WHAT DOES IT ALL MEAN?

Fundamentally, Prime Minister Theresa May now has an opportunity to salvage her withdrawal agreement.

Her hopes are dependent on the EU being willing to renegotiate the backstop arrangement. At the time of writing, several prominent EU leaders have dismissed this notion.

Specifically, the EU's lead Brexit negotiator, Michael Barnier ruled out changing the backstop, stating that it would ensure no hard border between Northern Ireland and the Republic Of Ireland.

Donald Tusk (President of the European Council) and President Macron of France, have also insisted that the EU will not renegotiate.

Whether this remains the case as both the UK and EU move closer

to 29th March 2019 remains to be seen.

IMPACT ON GBP

As most traders know, GBP is currently tied to Brexit. In recent weeks, as the prospect of Brexit being delayed (or made softer) has emerged, we've seen GBP strengthen.

Keep in mind that the British parliament has also now passed an amendment to rule out "No Deal", even though it isn't legally binding.

So it seems unlikely that parliament will sit on its hands and let a "No Deal" scenario unfold should backstop renegotiations prove unsuccessful.

However - it's important to recognise that a "No Deal" Brexit is still a possibility. The situation is fluid - and traders should watch Prime Minister Theresa May's attempt to renegotiate the backstop closely in the coming weeks.

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