XPS Pensions Group

Briefing

January 2019

In brief

- XPS does not believe that Brexit will have a material impact on its ability to deliver services to clients.
- Significant suppliers and third parties are UK based, including data-centers.
- Regulators are UK based, with no reliance on EU pass-porting mechanisms or similar.

Next steps

- XPS will continue to monitor situation up to and after 29th March as "deal" vs "no-deal" scenarios may introduce unexpected last minute impacts.
- Continued work with suppliers and third parties to ensure ongoing resilience of their supply chains regardless of the type of exit scenario.

Impact of Brexit on XPS Pensions Group

This note provides a summary of the result of the internal risk assessment that has been carried out to identify the potential impacts of the UK leaving the European Union.

In summary, the assessment has confirmed that whilst the final Brexit scenario is uncertain, XPS do not believe it will impact the Groups ability to deliver a full range of services to clients.

Senior management at XPS carried out an internal risk assessment on how Brexit could impact the provision of its services to clients, considering the following areas:

Regulatory Environment

The Group's primary regulators (TPR, FCA and ICO) are all UK based so there will be no immediate changes to the regulatory environment post Brexit.

We do not expect any immediate changes to pension legislation on withdrawal.

The Group holds no other licenses or authorisations that rely on EU pass-porting rights or similar, so will be able to function as it does current post Brexit

Data and GDPR

The Groups datacenters are all UK based. Data transfers outside of the EEA would be very unusual and would require client agreement and authorization in advance.

Current ICO guidance indicates that the Data Protection Act 2018 will allow the EU to recognize the UK as a third party that provides adequate protection, allowing the Group to continue to process EU nationals personal data.

Contracts

All client and supplier contracts are based on and use UK contract law so there are not expected to be any immediate impacts.

Staffing

Only a small number of EU nationals are currently employed by the Group. The current proposals will not have any short term impact as they allow EEA nationals

to work freely in the UK until 31 December 2020, whilst applying for settled status if they wish to.

The proposed changes to immigration rules are expected to have no impact on future recruitment as there is no need to look for overseas candidates.

Professional qualifications are all from UK bodies so there are not expected to be any issues with professional recognition in the future.

Third Party Providers and Supply Chain

All suppliers, including those that are providing outsourced functions, are UK based. Those that supply critical services are monitored closely to ensure that they can continue to supply services to XPS and where supply chains may be a risk (primarily IT equipment and hardware) additional assurances have been obtained from those suppliers.

Financial

The Group is UK based with shares listed on the London Stock Exchange. Its banking providers are also UK based and it has no exposure to exchange rates as all services are usually charged for and paid for in Sterling.

Uncertainty over Final Brexit Deal

The ongoing uncertainty over the final Brexit deal is recognised as potentially introducing unexpected last minute changes leading up to the 29th March as well as unanticipated consequences afterwards. The Group is continuing to monitor progress to ensure that these are identified and addressed as required.

The vast majority of existing EU laws and regulations will become UK law and regulations after Brexit, under the EU Withdrawal Act.

Whilst there could be significant impact on our clients operations, strength of employer sponsors and investment volatility, the Group has confirmed that whilst Brexit may have some impact on its operating environment (regardless of the final deal), none of these will affect its ability to deliver a full range of services to clients.

For further information

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This communication is based on our understanding of the position as at the date shown. It should not be relied upon for detailed advice or taken as an authoritative statement of the law.

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