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Your equity savings plan and Brexit: extension of the transition period for your investments in UK securities

The United Kingdom officially left the European Union on 31 January and the transition period ends on 31 December 2020. If you have securities issued by UK companies in your equity savings plan (PEA), you can keep them until 30 September 2021, which leaves you with a few months to adjust your portfolio. Here's an update.

What is the impact of Brexit on your equity savings plan?

Equity savings plans (PEA), as well as equity savings plans intended for the financing of SMEs and mid-tier enterprises (PME-ETI PEA), are investments with tax advantages that encourage investment in the shares of European companies. They must be composed only of securities of companies from the European Economic Area (EEA), i.e. the countries of the European Union plus Norway, Iceland and Liechtenstein, and of units in collective investment undertakings (mutual funds and SICAVs) that are more than 75% invested in the securities of these companies.



After the transition period ends, securities of UK companies will no longer be eligible for PEA and PME-ETI PEA equity savings plans. You must sell them or transfer them to an ordinary securities account.

Collective investments with stakes in UK companies shall also lose their eligibility if the exclusion of UK securities means that they no longer reach the 75% quota of investment in EEA securities. If they are no longer eligible, they should also be sold or transferred to an ordinary securities account.

An additional transition period of nine months as from 31 December 2020

To enable investors to make changes to their investments in PEA and PME-ETI PEA savings plans if they wish, the French government has put transitional measures in place.

Eligibility for PEAs and PME-ETI PEAs of UK securities and collective investments impacted by Brexit is temporarily extended until 30 September 2021. You will therefore be able to keep UK securities or collective investments in UK securities in your PEA during this additional period.

Important: if a security in your PEA or PME-ETI PEA is no longer eligible, your intermediary should inform you of this before 30 April 2021.

No impact on securities accounts

Brexit will not affect securities issued by UK companies or funds and SICAVs invested in UK securities held in an ordinary securities account.

Moreover, UK collective investments that can no longer be marketed in France after 31 December 2020 can be kept in a securities account (but not in a PEA or a PME-ETI PEA). **Warning:** in this case, they will no longer benefit from European protective rules, especially regarding information, complaints and mediation.


Where can I find information about the consequences of Brexit on my investments?

For your investments, contact your financial intermediary (bank, financial investment advisor, etc.). They must answer your questions precisely and may be able to offer you solutions to make any adjustments to your investments.

Keywords

EQUITY SAVINGS PLAN

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