The Aerial View
Markets Update

The Remainder Of The Week

- EU will decide today what extension (if any) will offer the UK for article 50
- UK PM maintains the prerogative power to unilaterally agree an extension with EU
- Likely that UK PM would put the choice before parliament if question of revoking article 50 emerges

There have been a few questions this morning about the immediate timeline for Brexit.

**Today:**

[Emergency European Council summit (this evening)]

- UK PM Theresa May will ask the European Council today for an extension to article 50 until June 30. However, with cross party talks in London having so far failed to reach an agreement on an approach to Brexit that will pass through parliament, she will not be able to definitively tell EU27 leaders that it will be possible to agree a departure deal by then.

- The EU leaders will then need to decide whether:

  1: The conditions set by the European Council have not been met and that the deadline for agreeing a withdrawal deal will therefore expire on April 12.

  2: To provide a very short extension to minimise the risk of a financial crisis

  3: To extend to May 22 (the day before the EU parliamentary elections start)
4: To extend to June 30 (just before the new session of the EU parliament starts)

5: To extend out longer. The UK has set in train the process to participate in the EU parliamentary elections.

• From the EU’s perspective, leaders will be keen to move the Brexit process forward as well as ensuring that should the UK elect representatives to the EU parliament then they will not prove a disruptive force.

• From PM Theresa May’s perspective she will need to balance the requests of the EU27 against what is politically acceptable domestically.

**Tomorrow/Friday:**

• The UK PM maintains the prerogative power to unilaterally agree an extension with the EU 27. However, it seems reasonable to assume that if an extension were agreed upon then she would give a statement to the House of Commons (either tomorrow or next week).

• Cross party talks on the approach to Brexit are scheduled to recommence tomorrow.

• How supporters of a hard line Brexit might react remains unknown. As one measure of the strength of a potential rebellion within her own party it is worth highlighting that in a whipped vote yesterday only 131 Conservative MPs managed to vote in favour of a motion supporting seeking an extension of article 50.

• Should no agreement on an extension be reached then the question for the UK PM would be whether to revoke article 50. While she has the authority to revoke the existing legislation without consulting Parliament it seems likely that the PM would put the choice before parliament in order to reduce risk of legal challenges in the future. By definition there is no time currently set for this to take place (although it must take in sufficient time that the revocation can be “submitted in writing to the European Council” before 2300 GMT on Friday).

• It is unclear how such a vote would play out. Perhaps the most direct indication comes from Monday of last week. When a proposal that would have seen Parliament given the power to avoid no-deal by cancelling Brexit if no extension was granted by the EU beyond the current 12 April deadline was put to a vote it was defeated by 292 to 191. However, it is also worth considering that on Wednesday a bill was passed that forces the PM to ask for an extension of article 50 from the EU should the alternative be a no deal Brexit (in the event the PM has approached the EU anyway). The bill passed by 313 to 312.

• If no extension is agreed and nothing is done to revoke article 50 then the UK then the UK would leave the EU at 2300 BST on Friday.

Please direct questions or comments to:

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