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BREXIT: LEGAL AND BUSINESS-RELATED CONSEQUENCES OF THE REFERENDUM

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The referendum of 23 June in the United Kingdom will decide whether or not the country is to remain in the European Union. Whatever the result, the British people's decision will have a significant impact, not only on the United Kingdom, but also on the other Member States of the European Union. It will affect European individuals and companies that do business in the United Kingdom, as well as UK companies operating in the European Union.

If the result of the referendum is for the United Kingdom to remain in the European Union, European Council Decision of 19 February 2016 will enter into force. This Decision introduces certain changes applicable to the United Kingdom on a variety of matters, such as financial services, immigration, participation of national parliaments in the European legislative process or bailouts of Eurozone Member States.

If the British people vote to leave the European Union, this would mark the start of negotiations with the European Union for an uncertain period of time. Negotiations would deal with two main issues: firstly, the terms of the withdrawal and the transitory regulation applicable to relations created prior to the exit date; secondly, the United Kingdom must also negotiate with the European Union a new legal framework to govern their future commercial relations. Although the Treaty of the European Union states that this negotiation period should last two years the term can be extended. In view of the complexity of the negotiations, they will probably extend over time. Furthermore, the procedure may require the express consent of some of the signatory States, which could take several months, or even years.

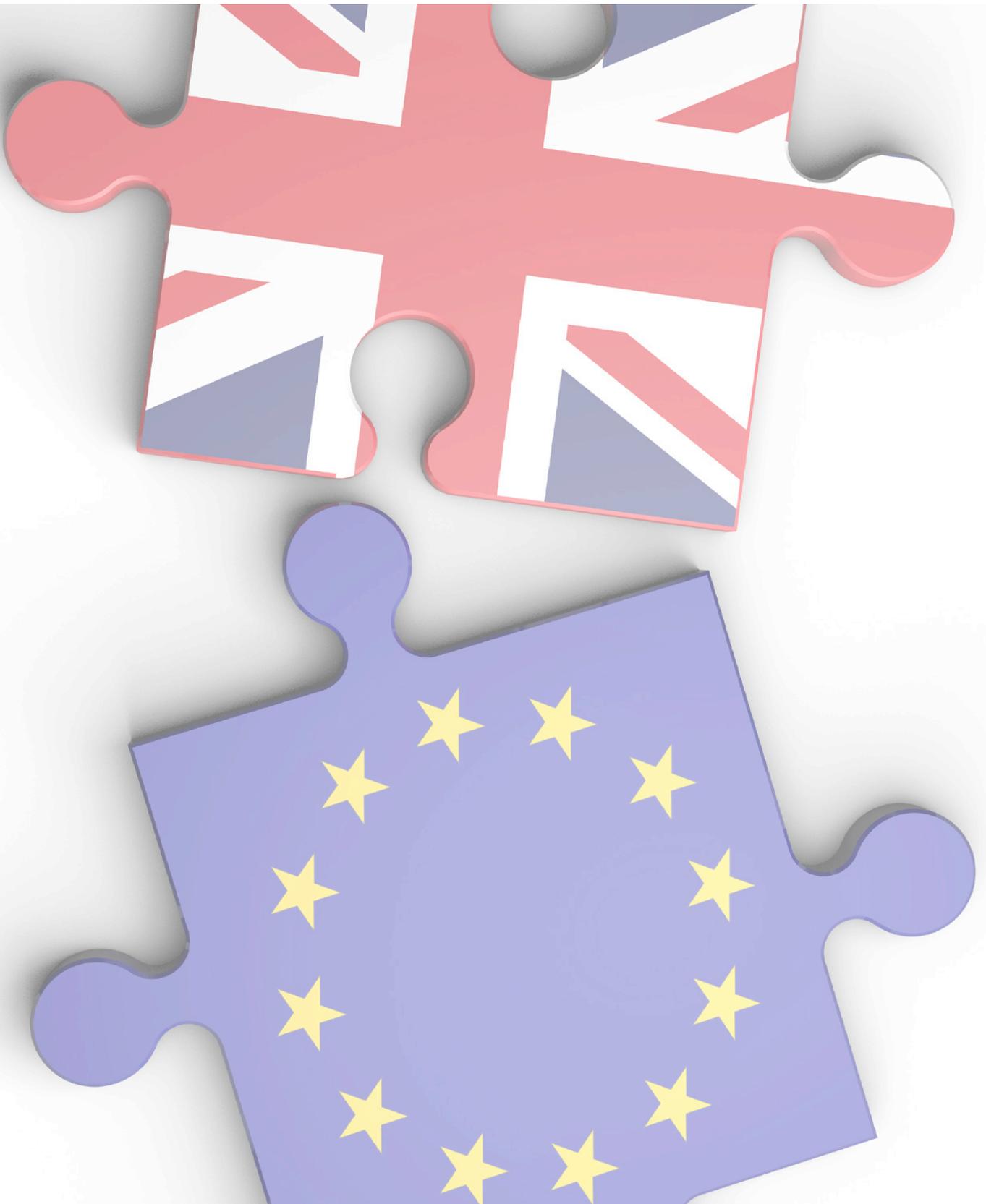
The legal impact of a Brexit scenario would affect some practice areas more significantly, such as financial services, M&A, intellectual property, judicial cooperation or employment. The impact on other areas, such as tax, will be less significant, as a result of the existing network of bilateral agreements between the United Kingdom and other EU Member States. In any event, we will not know the extent of Brexit's actual impact until the United Kingdom and the European Union negotiate a new legal framework to govern their future commercial relations, which, at this time, is difficult to predict.

Companies should prepare for and carefully plan for the possible implications of a Brexit scenario. This paper offers some practical recommendations.

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I. INTRODUCTION

On 19 February 2016, the European Council adopted a Decision on a new settlement for the United Kingdom within the European Union, as a result of an inter-governmental agreement by all EU Member States. After this Decision, the British government called a referendum for 23 June, to decide whether or not the country is to remain in the European Union.

If the majority of voters decide that the United Kingdom should remain in the European Union, the Decision of the European Council of 19 February 2016 will enter into force immediately. If the decision is for the United Kingdom to withdraw from the European Union, the Decision of the European Council will be abrogated, and, for the first time, the withdrawal procedure provided for in Article 50 of the Treaty of the European Union (“TEU”) will be applied.

We currently face two potential scenarios, with significant legal consequences for Spanish citizens and businesses that are resident or provide services in the United Kingdom, but also for British citizens and businesses operating in Spain. We will deal with each scenario separately.

II. THE UNITED KINGDOM REMAINS IN THE EUROPEAN UNION AND THE EUROPEAN COUNCIL DECISION OF 19 FEBRUARY ENTERS INTO FORCE

If the United Kingdom decides to remain in the European Union, the Decision of the European Council concerning a new settlement for the United Kingdom within the European Union would enter into force in June 2016. Contrary to statements by some UK leaders, the European Council Decision is *legally binding* and fully enforceable under international law.¹ Therefore, the European Union, as a subject of international law endowed with legal personality in its own right (Article 47 TEU), is bound by this Decision.

The fact that the Decision includes several Statements and several Declarations attached to the Conclusions of the European Council in support of the Decision is also noteworthy. These Statements and Declarations develop the content of the Decision further, and give legal form to the commitments adopted within the European Council.²

The Decision affects four policy areas of the European Union: sovereignty, economic governance, competitiveness, and social benefits and free movement of people.

1. The Court of Justice indirectly acknowledged the prescriptive value of European Council Decisions in its judgment in the Rottman case (C-135/08, EU:C:2010:104). Furthermore, the two direct precedents of the Decision are worth consulting: (1) Decision of 12 December 2002 of the Heads of State or Government, meeting within the European Council, relating to certain issues submitted by Denmark concerning the Treaty of the European Union, and (2) Decision of 19 June 2009, adopted by the Heads of State or Government, meeting within the European Council, relating to the concerns of the Irish people on the Treaty of Lisbon.

2. These include the following: (1) the Statement concerning Section A of the Decision of the Heads of State Government, within a meeting of the European Council, relating to a new settlement for the United Kingdom in the European Union, containing a draft Decision of the Council on specific provisions relating to the effective management of the banking union and of the consequences of further integration of the Euro Area; (2) the Declaration of the European Council on Competitiveness; (3) the Declaration of the Commission on a subsidiarity implementation mechanism and a burden reduction implementation mechanism; (4) the Declaration of the European Commission on the indexation of child benefits exported to a Member State other than that where the worker resides; (5) the Declaration of the Commission on the safeguard mechanism; and (6) the Declaration of the Commission on issues related to the abuse of the right of free movement of persons.

■ Sovereignty

Two measures are worth highlighting in this area: The United Kingdom's release from the "ever closer union" clause (Article 1.2 of the Treaty of the European Union) and the creation of a *sui generis* procedure to allow a majority of domestic parliaments to block an EU legislative initiative. The first is mostly symbolic in scope, and does not entail direct practical consequences. The second will underscore the power of domestic parliaments, whenever 55% of them rule against a European legislation initiative. However, the decision of a majority of domestic parliaments will not end the initiative, it will merely compel the Council to review it.

■ Economic governance

The Decision introduces a principle of non-discrimination between individuals and legal entities based on the Member State's official currency. Although acknowledging this principle is nothing new under EU law, it appeases the concerns of Member States such as the United Kingdom which are currently not in the Eurozone.

In practical terms, this prohibition to discriminate prevents EU institutions and domestic authorities unreasonably requiring, for example, that transactions only be performed in Euros. Similarly, the prohibition also applies to States that are not in the Eurozone, and therefore also prevents a State such as the United Kingdom demanding the use of pounds sterling. Discrimination based on currency is only lawful where it is justified by the EU or the Member State, based on overriding reasons of general interest.

The Decision also introduces guarantees for the United Kingdom that the Single Rule-Book for the banking union, when applied by the European Central Bank and the European resolution authority (the Single Resolution Board), will not be binding on the UK authorities. Likewise, the Decision confirms that, in the upcoming reforms of the single rule-book concerning the banking union, the Eurozone States will have a uniform set of rules that are not binding on the United Kingdom. However, any harmonisation rules will continue to apply to all 28 Member States.

■ Competitiveness

The Decision contains a statement on competitiveness in the European Union, underlining the need to deepen the internal market and reduce unnecessary administrative burdens, while ensuring the protection of consumers, workers, health and the environment. On this point, the Decision does not contain any regulatory or directly applicable provisions; it is merely a declaration of intent addressed to the future actions of the European Union.

■ Social benefits and free movement

In the context of social policy, the Decision introduces a commitment to carry out a series of secondary law reforms to prevent situations in which abuses have been observed in obtaining social benefits or residence permits. In particular, the Decision allows Member States to implement measures to tackle the use of marriages of convenience, and the ability to link the amount of child benefits to the standard of living of the child's country of residence.

Likewise, the decision provides for the future approval of "an alert and safeguard mechanism" to respond to mass migration flows, *over an extended period of time*, that may jeopardise economic and social cohesion in a Member State. In such cases, a Member State may, after obtaining the European Commission's approval, adopt restrictions to the free movement of persons. This measure requires a reform of Regulation 492/2011 on freedom of movement for workers within the Union.

III. THE BREXIT SCENARIO: VOLUNTARY WITHDRAWAL OF THE UNITED KINGDOM FROM THE EUROPEAN UNION

■ Legal framework for the voluntary withdrawal of the United Kingdom from the European Union

A victory for the “leave” campaign in the referendum would involve the application for the first time of Article 50 of the Treaty of the European Union, which provides for the voluntary withdrawal of a Member State. This provision has never been put into practice.³

Article 50

1. Any Member State may decide to withdraw from the Union in accordance with its own constitutional requirements.

2. A Member State which decides to withdraw shall notify the European Council of its intention. In the light of the guidelines provided by the European Council, the Union shall negotiate and conclude an agreement with that State, setting out the arrangements for its withdrawal, taking account of the framework for its future relationship with the Union. That agreement shall be negotiated in accordance with Article 218(3) of the Treaty on the Functioning of the European Union. It shall be concluded on behalf of the Union by the Council, acting by a qualified majority, after obtaining the consent of the European Parliament.

3. The Treaties shall cease to apply to the State in question from the date of entry into force of the withdrawal agreement or, failing that, two years after the notification referred to in paragraph 2, unless the European Council, in agreement with the Member State concerned, unanimously decides to extend this period.

[...]

The voluntary withdrawal of a Member State implies signing and ratifying an international treaty, resulting from the negotiations between the Member State exercising its right to withdraw and the remaining Member States. These proceedings would not be expeditious: negotiations for the withdrawal of a Member State such as the United Kingdom, which has formed an integral part of the European Union for four decades, would be lengthy and complex. Furthermore, the procedure may require the express consent of some of the signatory States, which could take several months, or even years.

In any case, an international treaty for withdrawal could be negotiated simultaneously to another treaty granting the United Kingdom special or interim status, to mitigate the consequences of a full and unconditional withdrawal from the European Union. It is therefore likely that, even if the international treaty for withdrawal enters into force, some ancillary transitory measures will be adopted.

■ Possible scenarios for future relations between the United Kingdom and the European Union

One of the issues that raises most concerns at present is the statute that will govern the relations between the United Kingdom and the EU after the former's voluntary withdrawal. Neither the Brexit advocates, the UK Government nor the EU have a clear stance on this issue, but there are several useful references in international practice from which

3. The only similar precedent, which, however, predates Article 50 of the TEU, was the withdrawal of Greenland, which occurred in 1984, and was implemented pursuant to a Treaty amending the Treaties establishing the European Communities as regards Greenland (called “Treaty of Greenland”), which entered into force on 1 February 1985.

at least three different scenarios can be envisaged, ordered from greater to lesser degree of integration with the European Union:

- The *Norwegian* option: The United Kingdom could accede to the European Free Trade Agreement (“EFTA”, to which Norway, Iceland, Lichtenstein and Switzerland are currently parties) and, as a Member State of EFTA, it would have the possibility of forming part of the European Economic Area (“EEA”). This option would involve a significant degree of integration of the United Kingdom in the market comprising the EEA States, but would also require a high level of internalisation of EU secondary law. In other words, the United Kingdom would not form part of the European Union, but it would be obliged to comply with practically all EU acts governing the internal market, without being able to take part in their negotiation and approval.
- The *Swiss* option: The United Kingdom could enter into a series of bilateral association agreements with the European Union, focused on specific issues, such as free movement of goods, free movement of persons or coordination of Social Security systems for workers exercising their rights of free movement between the United Kingdom and the EU. These association agreements grant third-party States a preferential commercial relationship with the EU, but their content depends on the terms of each individual negotiation. Contrary to the Norwegian option, EU law would not generally apply in the United Kingdom, but only what was agreed in any bilateral association agreements. Commercial relations would therefore be fragmented, depending on whether or not there is an association agreement regulating each specific matter.
- The *international* option: The United Kingdom could also base its commercial relations with the European Union only on the multilateral international commercial agreements currently in force. This option would be based mainly on the agreements adopted within the framework of the World Trade Organisation, and would not grant the United Kingdom a preferential relationship in respect of the EU’s other commercial partners. However, this option would grant the United Kingdom a greater degree of autonomy in respect of the European Union, at the expense of limiting its penetration into the European internal market.

In any case, the final decision on the future relations between the United Kingdom and the European Union fundamentally depend on politics. The voluntary withdrawal of the United Kingdom would probably have a destabilising effect on the European project. To prevent other withdrawals, the governments of the other Member States may therefore choose to reinforce the terms of the United Kingdom’s access to the internal market. The best solution from an economic and legal standpoint may not be the best suited to the political needs of a Union facing the risk of other withdrawals.

■ Brexit scenarios and implications for specific sectors

After the referendum of 23 June, the situation of Spanish businesses and citizens in the United Kingdom, and of UK businesses and citizens in Spain and other Member States, will not be immediately affected from a legal standpoint, as Brexit will not be effective until the Treaty for the withdrawal of the United Kingdom enters into force. This may take from two to ten years⁴, and, until then, the United Kingdom will remain fully bound by EU law.

Upon the United Kingdom’s effective exit from the European Union, the status offered to those who have resided or formed a permanent establishment in the UK under EU law is unknown. In principle, the United Kingdom could continue applying, albeit unilaterally, certain rights of free movement, minimising the impact of the country’s withdrawal from the European Union. However, any unilateral rules must be minimally co-ordinated with the

4. See HM Government, *The Process for Withdrawing from the European Union*, February 2016, pages 13-16.

countries of origin of any individuals and legal entities established in the United Kingdom; otherwise they may be ineffective or unattractive for the persons or businesses that would benefit from them.

Upon entry into force of the Treaty for the withdrawal of the United Kingdom, a set of transitory rules will probably be implemented to mitigate the immediate and more negative effects of Brexit. These interim rules would be adjusted to each sector, and would probably allow the application of EU law during a specific period of time following the entry into force of the withdrawal Treaty. However, these interim rules are not expected to extend over time, or to apply to all sectors affected by the country's withdrawal.

Therefore, regardless of the transitory rules that may finally apply, at some point, citizens and businesses of the Member States of the European Union will cease to benefit from the freedoms of movement guaranteed by the European Union treaties in the United Kingdom, and all European regulations and directives. In the case of UK businesses and citizens established in Spain, all European regulations relating to free movement in the internal market will cease to apply. The only exception would be the free movement of capital, as its application, according to Article 63 of the Treaty on the Functioning of the European Union, is extraterritorial, and may apply to capital originating from or destined to a third-party State.

Moreover, after the withdrawal of the United Kingdom from the European Union, the applicable legal framework will be very fragmented, and must be analysed by sector. Whichever formula is finally chosen to articulate future relations between the United Kingdom and the EU Member States, bilateral or multilateral agreements will likely need to be adopted, either between the Member States or directly with the European Union. The United Kingdom will also likely adopt unilateral provisions to open its markets, or fully or partially adapt its internal regulations to the European Union, at least during a specific period of time. All of this will depend on each sector, and on the economic requirements in each case, as shown below.

- **Financial services**

Although EU law applicable to financial services and the European internal market is heavily linked to international standards and practice, in truth there is a high degree of regulatory harmonisation, which would cease to apply to the United Kingdom in a Brexit scenario. However, the United Kingdom will probably accept EU-level standards unilaterally, mainly to ensure the provision of financial services from and towards the internal market.

In any event, the United Kingdom's withdrawal would involve losing a series of very valuable instruments -such as "European passports"- for the cross-border provision of financial services, in relevant fields such as banking, securities markets, investment services and asset management, among others, and for the marketing of some standardised financial products under the umbrella of directives, such as UCITS and AIFMD. The United Kingdom could well decide to unilaterally allow freedom of establishment or freedom to provide services in British territory in order to keep investments that have already been deployed; however, this solution does not mean that EU Member States are obliged to grant UK parent companies or service providers established in the United Kingdom the same treatment currently afforded by EU law.

In fact, there is, as such, no standard procedure for the cross-border provision of services by legal entities outside the European Union. Each State regulates this at its discretion, at times setting a series of requirements more similar to an authorisation than a passport, based on the degree of equivalence between the legislation of the State of origin and the destination State. Although UK financial services legislation will probably remain aligned with the standards of the European financial directives, access by UK financial institutions to the markets of the remaining EU Member States is bound to become somewhat more complex.

In the banking industry, the United Kingdom's withdrawal would mean that the Single Rule-Book would cease to apply, although there would not be too much divergence in standards, as the Bank of England requires levels of prudential supervision equivalent to those contemplated by the European Union, which are expected to continue. However, the European Central Bank and other institutions of the European Union would have greater powers to insist on residence requirements, or that transactions be performed in euros, to the detriment of the City. To date, this has been avoided because the United Kingdom is part of the European Union.

- **Intellectual property and data protection**

With regard to intellectual property, the United Kingdom's withdrawal from the European Union would mean its exit from EU trademark and design regulations, and a limitation of the territorial scope of rights resulting from the decisions of the EU Intellectual Property Office. Although titleholders of EU trademarks and designs would keep their title, their territorial effect would be limited. Supplementary protection certificates issued by domestic authorities and not by an EU agency would require regulation in the UK so that the certificate can be transformed into a title subject to UK law. Otherwise, supplementary protection certificates issued by the UK authorities would have no legal basis. Any withdrawal negotiations are therefore expected to include an interim regulation applicable to intellectual property rights harmonised by EU law effective within the territory of the United Kingdom, although at present it is difficult to predict the scope of this regulation.

The future of the United Kingdom in the recently approved European unitary patent system is more uncertain. This system purports to supplement the European patent system created under the Convention on the Grant of European Patents, executed in Munich in 1973. The United Kingdom has favoured the new unitary European patent system, even to the extent of hosting one of the courts created for these purposes. The United Kingdom's withdrawal from the EU would prevent it from continuing to participate in the system, as one of the conditions imposed by the Court of Justice of the European Union to guarantee the system's lawfulness is the absence of third-party States⁵.

The United Kingdom's withdrawal from the European Union would take place at the same time as the entry into force of a new Data Protection Regulation, which has introduced important developments, both institutional and material. The new Regulation increases data protection compared to the current Directive, meaning that companies established in the European internal market will adapt to the new legal framework. Therefore, to the extent that businesses established in the European Union will apply very high data protection standards, the United Kingdom's situation (which is unlikely to afford greater protection than the EU) will not alter businesses' internal strategies. However, it will increase legal uncertainty, to the extent that the United Kingdom will be obliged to adapt to EU standards voluntarily, but will not always do so in identical terms. Likewise, bilateral agreements with the United Kingdom, as a third-party State, will need to be adopted to facilitate international data transfers.

- **Employees and self-employed workers**

The legal status of employees and self-employed workers posted to or established in the United Kingdom would be greatly affected as a result of a Brexit scenario. At present, employees enjoy freedom of movement, which allows them to work and reside freely in any Member State of the European Union, without any quantitative or qualitative limits to hinder their access to the labour market of another Member State. This situation would be altered in the event of the United Kingdom's withdrawal from the European Union, as the former would recover its powers on immigration with respect to nationals of EU Member States.

5. Opinion of the Court of Justice 1/09 (ECLI:EU:C:2011:123).

However, a Brexit scenario would also have very varied labour-related consequences, as it would involve setting aside a host of measures leading to the harmonisation of employment law, which are generally more protective of workers than pre-existing standards. The United Kingdom's withdrawal from the EU would therefore be expected to involve an amendment of rights that the current British Government has shown itself in favour of amending, such as the Working Time Directive. The situation would also affect workers who have exercised free movement rights and benefit from the Regulation coordinating social security systems, an instrument that provides for the calculation and totalling of social benefits where a worker has paid into the social insurance systems of several Member States throughout his/her working life. It would be necessary to clarify how these benefits could be calculated in a scenario where this Regulation is rendered ineffective.

A similar issue would arise for self-employed workers, but from a different perspective, as this group benefits from the free movement of services. The disappearance of this freedom in a Brexit scenario would entail losing both the right to provide services and the right to reside in the United Kingdom that currently benefits self-employed workers from other Member States.

- **Litigation and judicial and police cooperation in civil and criminal matters**

The United Kingdom's withdrawal from the European Union would have a significant impact on existing judicial proceedings, instruments for the resolution of extra-judicial disputes and instruments for judicial and police cooperation. The EU has undertaken a major unification and harmonisation of the procedural law of the Member States, mainly the rules of private international law and judicial cooperation in civil and commercial matters. Although the United Kingdom enjoys a special opt-out status on this matter, it currently participates in most of the EU's judicial cooperation instruments.

As in other sectors, the impact of Brexit could vary depending on the model of withdrawal chosen by the United Kingdom (total exit or exit while remaining within other European cooperation structures, such as the European Economic Area or the European Free Trade Association). If it were to exit entirely, in the most optimistic hypothesis, the current system would be replaced by an international convention between the European Union and the United Kingdom. In a less optimistic scenario, there would be a regression towards domestic systems and, therefore, towards greater legal uncertainty. In any of these two cases, the principle of "EU principle of mutual trust" which inspires the current system would be lost.

The first question raised by a Brexit scenario would affect the rules of international jurisdiction, applicable law and recognition of judicial resolutions. When Brussels I and II Regulations, and Rome I and II Regulations cease to apply, a legal vacuum would arise, which would be filled by domestic private international law regulations, unless the United Kingdom and the EU were to agree to maintain the current rules by entering into an international convention, or acceding to any of the multilateral international agreements in which the EU Member States participate. In any event, unless a suitable interim regulation is provided, there will be a significant gap affecting a host of agreements, which jurisdiction and governing law clauses were negotiated in a regulatory context exposed only to the European Union.

The situation could seriously affect the role of British courts as international litigation venues, as their resolutions would lose the advantages currently afforded by the mutual recognition system in civil and commercial matters, provided for in Brussels I Regulation.

Likewise, pending proceedings benefiting from judicial police cooperation based on EU acts could be seriously compromised, especially in criminal matters, as doubts could arise regarding the lawfulness of essential formalities during the judicial investigation or at the trial stage. Similarly, judicial cooperation in criminal matters, allowing to

arrest persons so that they may be tried or serve their sentence in other Member States, would become governed by international extradition agreements, where there is no principle of mutual recognition.

- **Companies law**

UK companies law has been subject to many acts to align it with EU law, which would no longer apply upon the United Kingdom's withdrawal. This would not affect companies already incorporated in the United Kingdom, but it would affect companies incorporated as their subsidiaries in EU Member States, operating under a British parent company. Branches with a British parent would be similarly affected. In both cases, the loss of freedom of establishment and of services would deprive companies incorporated in the United Kingdom of the ability to establish themselves and provide services in other Member States, at least in the terms currently provided in EU law.

In any event, the United Kingdom will probably contemplate implementing rights of establishment of foreign companies relatively similar to the current system. However, the United Kingdom will not be able to impose on EU Member States the status currently enjoyed by subsidiaries and branches of companies domiciled in the UK.

- **Anti-trust**

EU anti-trust regulations are not significantly different from UK regulations applicable to purely internal situations. This equivalence will probably continue, but within a different institutional framework, as the United Kingdom, in a Brexit scenario, would not be subject to the European Commission's decisions on anti-trust and State aid issues.

Even if the material regulations do not differ significantly, the truth is that, in the event of its withdrawal from the European Union, the United Kingdom would become considerably less attractive as a jurisdiction for competition-related issues, especially with respect to damage claims. Furthermore, the recent adoption of a Directive on actions for damages under domestic law for infringements of competition law provisions means that the United Kingdom's withdrawal would considerably weaken the position of the British courts, which would lose *vis attractiva* compared to the jurisdictions of other EU Member States.

- **Tax**

The United Kingdom's withdrawal from the European Union would allow it to assume full powers over its tax policies, especially concerning VAT, tobacco and alcohol duties and fuel tax, as well as customs tariffs. With regard to all else, UK tax law would cease to be subject to the rules governing the free movement of capital, establishment, services and persons, which would have a considerable impact on business groups. Freedoms of movement allow corporate groups to benefit from certain advantages, mainly addressed to encouraging the establishment in and the provision of services between Member States. If these freedoms were to cease as a result of the United Kingdom's withdrawal from the European Union, this would mean the end of the current limits to discriminatory treatment currently enjoyed by individuals and legal entities exercising their freedom of movement.

IV. PRACTICAL CONSIDERATIONS

The prospect of Brexit gives rise to a series of adverse scenarios that advise Spanish companies with relations with the UK to take a series of precautions from now until the date of the referendum. Whatever the result, it may affect businesses' competitors, counterparties, clients or suppliers, or their expansion plans.

Undoubtedly, the final impact of Brexit will depend to a great extent on the specific articulation of the United Kingdom's exit from the European Union. Although, on the one hand, a legal due diligence of all possible contingencies may

be considered excessive at present, in view of the uncertainty surrounding the whole process, on the other, it may be prudent to adopt the following measures:

- From a **contractual perspective**, to take into account that the United Kingdom's exit may affect existing contractual relations, and may activate certain clauses. These may refer, among others, to changes in circumstances, violation of financial ratios in financing agreements, grounds for contract termination, events of force majeure or update clauses. In these cases, it would be advisable to estimate the probability of these clauses being activated, and their possible impact, which may be favourable or unfavourable. It is necessary to take these aspects into account in view of possible renegotiations of the contracts.
- From an **employment and tax perspective**, a Brexit scenario could also have a significant impact, especially with regard to immigration issues. In the case of Spanish companies that employ UK workers, or send Spanish workers to the United Kingdom as expats, it would be advisable to assess the employment and tax implications of the United Kingdom's withdrawal from the European Union.
- **Projected M&A transactions** could also be affected by the possibility of Brexit. Negotiations of contracts and transactions that may be affected by the United Kingdom's withdrawal from the European Union must consider certain contingencies. Generally, the exit may affect the negotiations to the extent that it involves significant market uncertainty (affecting, for example, financing opportunities). When negotiating agreements, it would be convenient to include specific clauses relating to the prospect of Brexit, in connection with contract termination, applicable jurisdiction, the application of EU regulations, copyright, etc.
- Similarly, it may be reasonable to issue **public statements** or messages, as well as internal circulars, regarding the risks associated with Brexit in companies that may be affected by it. This possibility has already been included as a risk factor in public prospectuses, and statements should be drafted to be issued at general shareholders' meetings, where required.

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