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BREXIT:
WHAT DOES IT MEAN FOR MULTINATIONALS?

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Following the UK's vote to leave the European Union, multinationals face a range of challenges. At two recent Clifford Chance seminars in London, our experts shared their views on what Brexit means for multinationals outside the financial services sector, focusing on the business and legal impact.

There is still considerable uncertainty as to how the process of the UK leaving the EU will play out and the impact varies considerably from one business to another. Some companies are only marginally affected but for others the changes will be significant. Mark Poulton, Head of Corporate, London said: "We have been discussing the possibility of Brexit with our clients for many months now. In the run up to the referendum some had taken steps to prepare, others have very much taken a wait and see approach. But now we know the outcome of the referendum the journey starts for real. I think it is going to be a marathon and pace will be important."

At our recent seminars, our experts answered some of the questions our multinational clients outside the financial services sector are focussing on.

What happens now and when will Article 50 be triggered?

While the market has been volatile, nothing has changed legally as a result of the vote to leave the EU. The UK remains part of the EU and the referendum has had no effect as a matter of UK law, UK constitutional law or EU law. The serving of an Article 50 notice by the British Government to the European Council will start a two year timetable to negotiate a withdrawal agreement. The UK then leaves the EU at the point when that agreement comes into effect or, if earlier, the date falling two years after Article 50 is triggered (unless extended with the approval of all EU Member States).

Dan Neidle, International Tax Partner, and Brexit Specialist, said that from a UK perspective and in the interests of providing at least a measure of stability for business, it seems to make sense to delay the start of the two year timetable for as long as possible – or at least until the UK and the EU have had time to set their negotiating position and their priorities. There now seems to be a general understanding that only the UK can control the timing of the issuing of the notice, and that the UK will need time for its new political leadership to bed down and agree on

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what it wants to achieve. There initially seemed to be some conflict over the timing, with France, Germany and the EU institutions suggesting they wouldn't commence negotiations until Article 50 is triggered. "This position seems to have been softened, with a recognition that it is unrealistic to expect the UK to trigger Article 50 before it understands what is politically achievable. Hence we now expect Article 50 to be triggered no earlier than January 2017 (and possibly some time later), but with informal discussions between the UK and other Member States in the Autumn", Neidle said.

See our briefing "Brexit: Leaving the EU, Article 50 and UK constitutional questions".

What will the UK's relationship with the EU look like?

Phillip Souta, Clifford Chance's Head of UK Public Policy, said: "There are five existing models. The first three are exemplified by Norway, Switzerland and Turkey – and we think it's quite unlikely that the UK will want to emulate those models. The fourth and the most likely avenue, is that the UK would try to negotiate a deep and comprehensive Free Trade Agreement (FTA) or Association Agreement, or perhaps a series of agreements covering key areas of activity, with the EU. If that wasn't possible, then the UK will default to the fifth option, World Trade Organisation (WTO) membership."

- **The Norwegian model:** Norway is a member of the European Economic Area (EEA) and the European Free Trade Area (EFTA). It has full access in principle to the EU internal market but is not a member of the EU's Customs Union so trade with the EU is subject to customs procedures and rules of origin. Norway does not participate in making the rules of the single market, but it does have to follow them, along with signing up to free movement of people and contributing to the EU budget. Given the lack of autonomy this would involve, it is unlikely that the UK would view this as a desirable model.
- **The Swiss model:** Switzerland has over 120 agreements that do not update automatically. This is increasingly seen as an institutionally obsolete model, and it is unlikely the UK or the EU would seek to emulate it. However, the UK may seek to replicate the fact that the Swiss arrangement consists of a package of sectoral agreements.
- **The Turkish model:** Turkey is part of the EU's Customs Union. This gives it access to the EU's single market in goods, but means it is not free to negotiate its own free trade agreements. Given that autonomy in international trade was a key objective of leave campaigners, politically this would not be seen as a desirable model.
- **A Free Trade or Association Agreement (or a package of such agreements):** The UK is most likely to seek an FTA with the EU, along the lines of the EU/Canada or the EU/South Korea agreements. If the UK were to agree a comprehensive free trade agreement in the two year period envisaged in the EU treaty, it would be unprecedented. The more likely outcome is that the initial Withdrawal Agreement will be agreed in this period, with an agreement or

agreements covering the future relations negotiated subsequently.

- **WTO membership:** In the event of no other negotiated arrangement, the UK's relationship with the EU would default to one based on WTO rules.

If the UK defaults to WTO membership, what does this mean in practice?

The WTO, with 164 members, is an organisation that regulates cross-border trade. It also provides a framework for negotiating trade agreements and a dispute resolution mechanism between member countries. "However, the WTO is perceived by some as an outdated model," said Jessica Gladstone, who specialises in public international law, and is a former Foreign and Commonwealth Office legal adviser responsible for negotiating international treaties." Having 164 members is obviously a benefit but also a disadvantage when it comes to trying to negotiate new agreements. Increasingly states tend to negotiate bilateral/regional agreements instead, which are better suited to how states want to organise trade, and can achieve lower barriers to trade with key trading partners in a much quicker and more efficient manner," she said.

WTO membership is considered a fallback option, but there is a very real possibility that the UK is still negotiating a comprehensive new agreement with the EU after its departure from the EU, and so may end up relying on WTO membership until the new agreement comes into force. Indeed, the EU has suggested that it may not even be able to begin negotiating a new comprehensive agreement with the UK until after the conclusion of exit negotiations. Article 50 of the Lisbon Treaty states that the exit agreement should take account of the 'framework' for the UK's future relationship with the EU, but if this is interpreted literally by the EU, all the important detail may be discussed later. As regards the UK's trade relationships with the rest of the world, it seems highly likely that the UK will have to trade under WTO rules while negotiating new free trade agreements on a country by country basis.

A further complication is that the tariffs WTO members can charge on goods and services are set out in WTO schedules, and, although the UK is a member of the WTO in its own right, it shares schedules with the EU. In order to trade effectively under WTO rules, the UK may need to renegotiate, at least in part, its own schedules, which would need to be agreed by all other members of the WTO.

The schedules are the core part of the agreement that set out the details of the commitments and tariffs that have been agreed to apply. There is no precedent on how a whole scale renegotiation with an existing member will play out in practice so we don't know how complicated this may be or how long it may take. However, in May the WTO Director General indicated that the UK would not be allowed to 'cut and paste' EU terms and would need to strike a deal with the WTO's 163 other members. This would mean lengthy multi-party negotiations. The UK would presumably wish for at least an interim agreement to allow the EU schedules to continue to apply, pending agreement of the UK schedules, but that would be a matter for negotiation. As a member of the WTO the general principles of the WTO should continue to apply which will include non-discrimination.

How will the UK go about negotiating trade agreements with the EU and others?

Negotiating an FTA is complex. "It's not a straightforward exercise," said Gladstone. "The Transatlantic Trade and Investment Partnership (TTIP), for example, currently being negotiated between the US and the EU will be a huge agreement – the EU summary alone runs to almost 50 pages," she said. TTIP is extensive – it covers specific industries such as textiles, engineering products, medical devices and cosmetics, among many others. In its FTAs the UK would want to cover all of those sectors, but also include financial services because the industry is important to the UK economy. "There is a lot to cover, and it can be politically very difficult as well", she said. "The government, in negotiating something that is in the country's best interests, is going to have to tread carefully politically to make sure it's acceptable to the public."

The UK will have to negotiate a free trade agreement not only with the EU, but also with other trading partners. There are 50 or so other countries with which the EU has an FTA. There are also other countries with which the UK may wish to do a trade deal.

There's a lot of rhetoric about how long an FTA would take to negotiate and sign. What's the range of outcomes?

The EU's FTA with South Korea took four years and the EU's agreement with Canada took more than five years and has yet to be ratified. The more comprehensive and ambitious a free trade agreement, the longer it takes to negotiate – especially when financial services are involved. Phillip Souta said: "It will depend on the political agendas of the states the UK will be negotiating with. President Obama said that it might take anything between five and ten years for the UK to negotiate with just the US, and that doesn't seem to me to be an unreasonable estimate."

What will be the UK's principal focus in trade negotiations?

"The UK will need to negotiate around both tariff and non-tariff barriers," said Gladstone.

Tariffs of course are a direct cost on entry. There is a huge range of tariffs, some are very low but some, for example, on animal products, sugar and confectionary are over 20% while on beef products they are 70%. This is important from the UK's perspective because EU nations account for 61% of the UK's agri-food exports.

There is also an impact on supply chains, for example, in the automotive industry and the consumer goods industry because some products move in and out of the EU several times during the manufacturing process and would attract duty each time they do so.

Business will also want to address 'non-tariff' barriers. A non-tariff barrier refers to any measure that increases the cost of trade, but that does not take the form of a tariff. Some non-tariff barriers are bureaucratic – for example the additional cost of undergoing customs procedures for one day has been reported as equivalent to an additional tariff of between 0.6% and 2.3% of the value of a product. "It also covers 'behind-the-border barriers'," explained Dan Neidle. "These are mostly regulatory measures, especially with regards to chemicals and food. These can reflect a genuine public interest, or protectionism, or both. A classic example was the French ban on British beef exports, which was initially driven by health considerations but lasted years after the beef was accepted to be safe. It took a European Court judgment to lift the ban. The UK will of course lose that protection against protectionism when it leaves the EU."

"From the UK's perspective there is no doubt that it would like to see trade agreements around services including financial services and insurance, lawyers, accountants, IT providers, management consultants, construction, broadcasting providers, architects and airlines – services accounted for 44% of UK exports last year," said Gladstone.

Apart from passporting for the financial sector, trade in services has not traditionally been as liberalised as trade in goods, either within the EU or in free trade agreements. Gladstone said: "The UK may try to negotiate a heavier emphasis on services in its trade deals, but in the meantime service providers should be aware of the potential for divergence in regulation between different states, licensing and approvals that may be required and the gaps that they may need to plug."

One of the outstanding questions that nobody knows the answer to is how much the UK is going to have to concede in its trade negotiations. A key element will be in relation to freedom of movement and freedom of labour in order to secure some of the advantages that it may be seeking.

How can businesses influence the outcome of the FTA negotiations – What can be done in practice?

Negotiation of an FTA happens at a diplomatic level between states, behind closed doors, which can make it difficult for businesses to have a voice. While there are some moves towards transparency in these processes, business will need to be proactive to make sure their industry's interests are represented and to make their views and concerns heard. They need to analyse their interactions with EU countries, identify the priority countries, coordinate across their sector and develop a list of industry demands and then make representations to governments as to what the new international legal order needs to provide to meet business interests.

"Lobbying alone will not be enough," said Gladstone. "Companies will need to work with their advisers to ensure that an under-resourced and under-pressure UK government is fully equipped to make commercial and legal representations on their behalf and protect businesses' interests."

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From the perspective of UK business, what would operating under an FTA with the EU involve, as compared to the single market?

"A free trade agreement is not just a 'quick fix': it will not replicate the single market, or give the same rights as the EU Treaty for citizens or businesses," said Gladstone. There is also potential for issues around interpretation of the classification of goods and services to arise in free trade agreements, particularly as the world moves on and new products are invented. We may see an increase in disputes, to resolve issues like this.

The UK will potentially need to get to grips with a new dispute mechanism for investor – state disputes under an FTA. Traditionally you would expect to see international arbitration as a dispute mechanism, but the EU is advocating a standing court in TTIP negotiations, and included a similar model in the EU-Vietnam FTA a few months ago.

What will Brexit mean in terms of doing business from a regulatory perspective? Will the UK be free of EU regulation?

EU law provides a framework for many of the rules affecting businesses in the UK – for example product standards, licensing frameworks and public procurement rules. On the one hand these rules can be seen as imposing a regulatory burden on business in the UK, but on the other hand they also protect UK businesses providing goods and services to other EU countries.

"Thinking about the regulatory burden first, post-Brexit we do not expect the amount of regulation in the UK to decrease significantly," said Jenine Hulsmann, Antitrust Partner. Most EU rules are implemented through UK law, and these rules will, at least initially, remain in place through 'grandfathering' provisions. This would likely cover a whole range of areas, including public procurement and most licensing regimes.

There are a small number of EU regulations that are not directly incorporated into UK law, but instead have direct effect. Post-Brexit the UK would need to decide whether to fill the vacuum with equivalent legislation. There may be some cases where the UK does not do so – one example could be the roaming regulation which abolishes mobile phone roaming charges across the EU from 2017 – it is open as to whether the UK government would implement this regulation after Brexit.

But in many other cases, the UK is likely to maintain the status quo as otherwise there would be significant disruption and there could be harm to UK competitiveness. "A good example of this is airport slot allocations," said Hulsmann. At present, airlines are allocated slots at UK airports in accordance with EU regulations. In principle, outside of the EU the UK would be free to pass its own, differing slot allocation rules – perhaps granting preferential treatment to UK carriers. However, the EU regulations allow Member States to punish non-Member States that favour national airlines or discriminate against EU carriers in the slot allocation process. The UK's new rules would likely be in line with the EU's existing rules, to avoid the risk of retaliation against UK-based carriers.

There is likely to be a very strong incentive towards maintaining the status quo. The terms of the agreement with the EU will determine how much flexibility the UK has to change its regulatory rules. Even the FTA between the EU and Canada, for example, contains chapters on the regulation of areas such as telecoms, e-commerce and procurement. Many areas of regulation are also subject to multilateral international agreements, which the UK will continue to be a party to.

Over time there could be some divergence but the reality is we already see differences between countries; there is no such thing as perfect harmonisation across the EU. Where goods or services are offered across the EU, businesses already have to take a pragmatic view on how to comply with different rules. "Our clients tell us that, in practice, this often means taking the toughest set of rules and applying them across the board. So the prospect of substantial divergence in regulation, or a significant reduction in the regulatory burden on UK businesses, is over-stated in practice," Hulsmann said.

What protections might businesses in the UK lose?

In some sectors, businesses could lose their ability to access the European market on the basis of a UK licence. The Financial Services industry could be affected, but it could also have an impact on, for example, the television industry in the UK. Currently the EU's 'country of origin' rules mean that media companies can broadcast television channels throughout the EU from the UK on the basis of a UK licence, so long as they comply with the UK's relatively attractive content rules. Following an exit, these broadcasters could lose their access to EU markets and may have to obtain licences and move their operations to other countries.

There is also the risk that these licensing regimes could discriminate against UK companies. UK bookmakers have in the past brought legal cases against licensing rules in a number of EU countries which discriminated against UK companies or infringed EU free movement rules. UK companies would lose the ability to directly enforce their market access and establishment rights in the courts of other EU countries.

Finally the UK may lose some of the protection it currently has under EU public procurement rules. The WTO does provide some protection, in particular the Agreement on Government Procurement, but it does not cover all procurement procedures. So again there is potential for discrimination against UK companies who are tendering for government contracts. The UK would need to negotiate additional procurement protections as part of any FTA with the EU (and other countries).

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What about employment and pensions law?

Employment law in particular comes from Europe. But at the point that the UK leaves Europe nothing will change immediately. There is however scope for divergence over time, as a result of deliberate policy choices in the UK or in Europe, or there could be natural drift as small choices are made here and there, resulting in differing systems after a period of time.

As a legal matter the UK could in theory revoke or curtail disability rights, holiday entitlements and working time limitations once it leaves the EU. "Politically this doesn't seem particularly plausible, as by and large these are popular provisions" said Dan Neidle. "In some cases, for example, holiday entitlement, the UK gold plated the EU requirement."

See our briefing: "The employment law implications of Brexit".

What about EU citizens living and working in the UK?

In principle, the UK could expel all EU citizens, and the EU could deport all UK citizens. "But that doesn't seem very likely, and could even be contrary to international law," said Neidle. Having said that, businesses should identify staff who are EU citizens and think about visa requirements and any vulnerabilities amongst key employees in a worst-case scenario. We look at these issues in more detail in our briefing: "Brexit – what now for EU nationals in the UK?"

Will pension schemes be impacted?

"Pensions is an interesting area," said Neidle "because there are some significant EU law considerations which are not politically popular or even understood, and which are hard to justify objectively". Most UK businesses are running considerable pension deficits. UK pension law permits that. But if a UK company lets one of its employees work elsewhere in the EU then the EU cross-border pension rules may apply, and if the employee has a defined benefit scheme then the pension fund has to be fully funded. That decision can cost a business billions, so companies currently have to ensure they tread carefully, which is hard when regularly moving staff cross-border. When the UK leaves the EU, it may look again at that rule.

What about tax?

"There are many complex effects of one country leaving the EU", said Neidle. "We can't really even begin to foresee all the detail and the effect it will have on individual businesses, but there are some large scale structural effects that we can identify right away and which groups can take at least some steps to mitigate."

Most countries in the EU impose withholding tax on outbound dividends. The UK does not, but within Europe, groups have for some time relied on the Parent Subsidiary Directive to pay

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those dividends without withholding tax. Following a Brexit, the Directive would fall away and dividends paid into the UK from much of Europe would be subject to withholding tax. Tax treaties will reduce the rate but in most cases they won't eliminate it. For example, a UK parent of a German subsidiary would start receiving dividends subject to German withholding tax. That would be an absolute cost; there wouldn't be any credit so there wouldn't be any refunds. By our reckoning there could be about a dozen EU countries with that problem.

There's a similar problem also operating in reverse. Most countries charge corporate income tax – corporation tax on dividends local companies receive. The UK does not; it exempts dividend receipts. To date, within Europe, that has not been much of an issue because the Parent Subsidiary Directive generally provides an exemption for corporate tax on dividend receipts but that would fall away when the UK leaves. If the previous example is reversed, imagine an EU parent of a UK subsidiary – the UK subsidiary pays the dividend and the EU parent will in most cases be subject to local corporate income tax on that dividend. It may receive a credit of up to 20% reflecting the UK corporation tax paid on the UK profits but any residual local corporate income tax will be an absolute tax, an absolute cost with no possibility of a credit or a refund.

In principle the UK could seek to amend its tax treaties with various nations, but there are a number of barriers. First, those countries that have dividend withholding tax are usually reluctant to give it up in tax treaties. Second, it would be a difficult negotiation because the UK has nothing to give in return. The UK doesn't impose withholding tax on dividends, and there is also a timing problem as treaties take three or four years to negotiate. The UK negotiates two or three tax treaties a year, and they take at least one year more to come into effect. In the medium term, international groups need to think of ways of mitigating these costs.

So what should international groups be doing? "The first step is to determine the size of the impact and if it's material then start thinking about contingency plans, whether that be accelerating profit distributions, restructuring the way profit is distributed within the group, maybe even restructuring the group itself", said Neidle. Aside from tax, Brexit may present other difficulties such as regulatory and trade which necessitate a restructuring.

"Another concern is the risk of discrimination by tax authorities in the EU," Neidle added. It is maybe unlikely that the UK would set out to discriminate against foreigners, and vice versa, but the risk is nevertheless there. "Take the London housing market for example, where there is a great deal of concern that prices are inflated by foreign investors and there could be a great deal of political support for a fairly punitive tax on non-UK residents holding UK residential real estate," said Neidle. "That's very hard to do now without breaching EU law; the UK would be free to do it after Brexit."

There are many ways that EU countries have used their tax systems to discriminate against each other in the past. The French used to permit tax credits for R&D only where research was carried on in France. The Austrians used to permit tax deductions of equipment only where it was used in Austria. The Germans used to tax the branch profits of a foreign company at a higher rate than a local company. All these rules were struck down by the European Court, and that is the kind of protection that the UK would no longer have post-Brexit.

However, there are potentially ways to get around these types of discriminatory rules. Some US companies, for example, sell goods across Europe through subsidiaries in the Netherlands which then sell into the rest of Europe – thereby relying on the fundamental EU Treaty freedoms. This structure has been accepted time and time again by the European Court, so UK business might need to start thinking along the same lines.

Competition law is also underpinned by EU law. Will competition law change?

In terms of competition law, the practical consequences for businesses are limited – the substance of the competition laws applicable in each of the UK and the EU is very similar, and most international businesses have compliance policies requiring compliance with the highest global standards.

As regards merger control, the UK may lose the benefit of the EU's 'one-stop-shop' regime. At present, mergers and acquisitions can be reviewed by either the Competition and Markets Authority or the European Commission (but not both). In future some deals may fall to be reviewed by both authorities, potentially incurring additional costs for merger parties in terms of both time and resources.

The new Prime Minister has said that the UK may introduce new powers to review foreign acquisitions of strategic UK businesses. This would be a significant change to mergers policy. In recent years, the UK has moved away from looking at broad public interest considerations in merger cases due to the uncertainty this creates for business. Legislation dating from the 1970s which allows the government to block foreign takeovers in the manufacturing sector has not been used.

What about state aid?

There have been suggestions in the UK media that by leaving the EU, the UK will be able to move away from compliance with the EU's state aid rules. "However, it is worth reflecting that in general UK companies have been very supportive of state aid rules because they provide a level playing field across Europe." said Jenine Hulsmann. "Leaving the EU would not mean automatically leaving those rules behind. Norway, Switzerland and even Turkey have requirements placed on them to comply with similar state aid rules and they do that to varying degrees."

Consequently, whilst the applicability of state aid rules would depend on the content of the agreement between the UK and the EU, it seems unlikely that the other EU Member States would grant the UK access to European markets without requiring compliance with state aid rules.

Whatever happens, the WTO rules on subsidies in relation to goods will continue to apply. However, these rules are narrower than EU state aid rules and not as rigorously enforced. It is likely, therefore, that any agreement with the EU, even an FTA, will include additional provisions on subsidies to both goods and services. The UK will need to consider whether the power to enforce these rules is given to the Competition and Markets Authority or some other part of government.

What are the repercussions of the Leave vote for multinationals' treasury operations?

"Many companies are reviewing their finance arrangements and available lines of credit, the conditions available to draw on those lines of credit, and focusing on hedging contracts to protect themselves against market volatility," said Michael Bates, Head of Clifford Chance's London finance practice.

How does Brexit affect what borrowers do now?

It's largely a process of due diligence. Moody's has already placed the UK on negative credit watch so companies have to consider the implications of ratings downgrades for financing arrangements, collateral requirements for hedging exposure or increasing the cost of borrowing, checking the availability of credit lines, making sure they are committed, how long they are committed for and also examining their dependency on uncommitted lines of credit.

"In our experience, a significant number of companies depend on uncommitted bilateral lines of credit. If banks' exposure changes through mark-to-market exposure on derivatives then there is a question over whether those uncommitted lines will be available. Companies dependent on uncommitted lines should consider whether to turn them into committed funding lines if they are critical to the liquidity of the relevant company", said Bates.

Companies are also considering their dependency on EU funding – if they're reliant on the EIB, if they're reliant on EU grants or subsidies – and what is the impact of Brexit on that. "Companies may look to the non-bank funding market," added Bates. The US private placement market has been around for a very long time and is used extensively by corporates. The more recent development of a European private placement market, largely through the insurers and pensions funds and the workings of the Loan Market Association, has not really been tapped by the corporate market but has been used to fund infrastructure projects and projects with longer tenure. "Corporates may look to that as an alternative for bank funding," said Bates.

> "Companies may look to the non-bank funding market."

Michael Bates, Head of Clifford Chance's London finance practice

What about repercussions for commercial contracts?

"There might be repercussions for commercial agreements, for example, if you carry on any business or activities within the UK based on an IT or other licence or authorisation that covers the EU," said Mark Poulton. Companies need to consider if they have been granted any exclusive rights within the territory of the EU and whether they rely on these exclusivity rights to protect their position on operations within the UK. Have they agreed non-compete provisions with a third party that covers the EU and do they rely on these to protect their interests in the UK?

Do they have geographical pricing provisions in any of their contracts and is one of those regions the EU? Will Brexit trigger relief provisions in their supply contracts or the ability of their suppliers and customers to terminate their contracts? Also whether, and how they should address *force majeure*.

"These are all good questions and the contractual interpretation will turn largely on what the contract says and to some extent on when it was entered into, and many commercial contracts of course will be renewed before Brexit, but it will pay to think ahead about these issues and certainly new contracts should address now how the parties intend the contract to work post Brexit," said Poulton.

Do listed companies have additional obligations to consider?

"Corporates need to be ready to explain the potential implications of Brexit for their business to stakeholders in accounts, interim or half year results, regular management statements or quarterly results, prospectuses, registration statements and internal communication and this may well be before there is much certainty of the way forward," said Poulton.

If the company's shares are listed in the UK, elsewhere in Europe or indeed around the world, price sensitive or inside information likely requires a prompt announcement. Companies will also need to be mindful that whatever they have said to the market will create a degree of expectation and may be price sensitive. Listed companies also need to have their continuing disclosure obligations in mind when discussing what Brexit means for them. This includes maintaining confidentiality while the facts are being determined, putting appropriate reporting lines in place and having the right advisers and decision makers on hand to handle disclosures promptly when required.

Those subject to the new Market Abuse Regulation in Europe need to keep a record of when inside information arises and when any decision is taken to delay disclosure in the limited circumstances where this is permitted. They also need to maintain new and improved insider lists and both listed companies and individuals need to be mindful of dealing restrictions where they have inside information.

What should businesses be doing now, and thinking about now?

As the UK comes to negotiate new FTAs with the EU and with other parts of the world, companies will need to put together an organised case and present it effectively to the

UK government. "To do that you want to be speaking in terms that are easily transferable into treaty text, in order to have greater influence on the negotiations," said Jessica Gladstone. It is important to be aware and to start thinking about what your business would need an FTA to cover to protect your interests, and how to communicate that to the government in the most effective way.

Following the Leave vote, there is a huge amount of work to be done by the UK government to review legislation to ensure it continues to work post-Brexit. Jenine Hulsmann said: "While the substantive changes are likely to end up being limited, business should not under-estimate the amount of resource that this will consume within Whitehall. Businesses will need to factor this into their dealings with the UK government."

Dan Neidle said: "Companies should start drawing a picture of how much the current business, including the customer facing side, and the internal structure, is relying on the EU fundamental freedoms and then think how they may need to change the shape and structure of that business". The more difficult element is thinking about where – in what countries, and which sectors – the business could become subject to non-tariff barriers.

"We have prepared a questionnaire or checklist which we are keen to discuss with clients with a view to helping them scope and prioritise what they need to do now and going forward, as part of a wider business review", said Mark Poulton.

"It's important to have a plan 'A' and a plan 'B'" said Phillip Souta. "It is entirely possible that after two or more years of negotiation, the UK could reach a constructive and positive accommodation with the EU that would allow most business activities to continue with minimal disruption. It is also entirely possible that after two or more years of negotiation, the UK is not in such a position and access to the EU single market could be severely disrupted."

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Phillip Souta, Head of UK Public Policy

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