



## A no-deal Brexit – Are you prepared?

An update from our *Locke Lord Brexit Blog Team*

Recent developments in Parliament suggest that the possibility of a no-deal Brexit is a real one. The UK Government has been introducing legislation and temporary regimes on a unilateral basis to mitigate against the effects of a no-deal Brexit (click [here](#) for the most recent update on UK preparations). The UK Government's and the EU27's contingency planning is escalating as this note is being sent out – just before Christmas the European Commission published a number of new legislative initiatives, which may be found [here](#).

Any firm that carries out business between the UK and the European Economic Area (EEA) is likely to be affected by a no deal Brexit. If you are such a firm, you should be considering what this means for you and taking steps to mitigate – or potentially to take advantage of – the situation. This isn't just good business sense: directors and other fiduciaries have a duty to plan for foreseeable risks and may be held to account if they fail to do so to the detriment of their company's business. If you have not done so already, you should consider forming a working group of senior colleagues across business lines to consider operational, regulatory, tax, and other business issues and to complete a gap analysis of the impact of a no-deal Brexit on your business. This gap analysis can be used to inform the development of your action plan to mitigate no-deal Brexit-related risks.

Specific action points may include:

- Managing the immediate impact of no-deal Brexit on your business and clients/customers and take steps to manage unexpected currency and share volatility, central bank interest rate moves and possible ratings downgrades.
- Identifying potential disruptions to any applicable regulatory or other licenses.
- Reviewing operational or investment contracts to ensure contract continuity and to check material adverse change clauses and other terms triggered by market disruptions. You may need to decide on how to continue to service customers under existing contracts in accordance with local law and local regulators' expectations.
- Disclosing potential impacts to your investors or to a regulatory authority where you are under a legal or regulatory obligation to so and considering information you will need to give to customers who might be affected by your plans.

You should also consider whether your firm transfers personal data between the UK and the EEA. In a no-deal scenario, the UK Government has stated that it will continue to allow the free flow of data from the UK to the EEA after 29 March 2019. However, the position for transfers of personal data from the EEA to the UK has not been made clear. As a consequence, you may need to consider the extent to which your business is reliant on transfers of personal data (for example because of where your data centres are located) and what risks you may be exposed to if there is no solution to permit the continued transfer of personal data between the EEA and the UK.

Our cross-disciplinary team of experts is on stand-by to help you navigate through this period. Please contact us if you would like to discuss further how we may be able to help you address the challenges that may be presented by a no-deal Brexit.



For more information on the matters discussed in this *Locke Lord QuickStudy*, please contact any member of our [London team](#) or our Brexit Blog Editor: Sean P. Donovan-Smith | +44 (0) 20 7861 9024 | [sean.donovan-smith@lockelord.com](mailto:sean.donovan-smith@lockelord.com)

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