

# BREXIT IN BRIEF | MERGERS & ACQUISITIONS

*At 11:00pm on 29<sup>th</sup> March 2019, the United Kingdom will leave the European Union unless the Article 50 period is extended, the United Kingdom revokes its Article 50 notice, or a withdrawal agreement is agreed and concluded between the United Kingdom and the European Union providing for a later withdrawal date. Below is a brief overview of the potential implications of Brexit on the Mergers & Acquisitions (M & A) market.*

## HOW MIGHT I BE AFFECTED?

- ❖ It is unlikely that Brexit will bring about significant changes to the laws and regulations governing the M & A market. However, it is possible that changes may occur in other areas which may have an adverse effect, such as:
  - Merger control and competition laws – the framework provided by the EU’s Cross-border Mergers Regulations may cease to apply to the UK which may contribute to increased uncertainty and additional work for UK businesses looking to merge cross-border.
  - Private equity & finance – the potential removal of the banking passport along with the pressure on the sterling currency may lead to reduced confidence and leverage for syndicated debt or finance within the UK.
- ❖ Aside from reduced confidence in the market, there is also likely to be scope for increased due diligence, stricter deferred consideration structures and the use of “Brexit clauses” within agreements which may lead to increased costs and a move toward opportunistic deals with buyers looking for reduced price bargains.

## WHAT IF THERE IS NO DEAL?

- ❖ As above, it is unlikely that there will be significant changes to the laws and regulations governing the M & A market but expected uncertainty and currency fluctuations would likely adversely affect valuations and confidence in the market.

## WHAT SHOULD I BE DOING?

- ❖ Consider accelerating plans for cross-border mergers to take advantage of the current EU framework which may fall away for UK companies post-Brexit and focus on those areas of your business which may be most acutely affected by currency fluctuations and decreased opportunities to raise finance.

If you would like further information or advice in respect of the potential implications of Brexit, please contact Piers Larbey at [piers@fletcherday.co.uk](mailto:piers@fletcherday.co.uk) or on 020 7870 3870.