

Brexit and your **existing** business contracts: what should you consider now?

Brexit: an opportunity or a disaster? Currently at 11.00pm GMT on 31 October 2019, the UK will leave the EU.

Leaving the EU will affect some of your existing contracts. It may affect future contracts you plan to sign. In preparation, you should be thinking about the following points.

Existing business contracts

You need to identify those existing contracts which are important for your business and consider:

- Do they provide enough protection in respect of Brexit: do they require renegotiating or amending?
- The termination dates of any contracts in place. Contracts expiring before 31 October 2019 may not need amending.
- Existing contracts which include material adverse change provisions. If the financial impact from Brexit is sufficiently serious, it could trigger a right to invoke the material adverse change provisions in the contract.
- Exchange rate and interest rate changes and inflation risks, not least in respect of fixed price contracts.
- Will you still have authorisation for your products or services or will authorisation change where you are buying goods or services from elsewhere in the EU?
- Whether tariffs, custom delays, or new tax treatments will affect your business?
- Will you have access rights for your services in the EU or for services from the EU? Will export or import licences be needed?
- Whether you will continue to be able to rely on EU-wide intellectual property rights?
- Will your supply chains be affected?
- What will be the effect on your cash flow?
- What your contract says about:
 - Territory that may be EU specific?
 - Renewal? Is renewal automatic?
- Do you need to migrate existing contracts to a subsidiary in the EU?

The other party

You should consider also what the effect of Brexit will be on the other party to your key business contracts. Indeed all the issues set out here should also be considered from the other party's position.

You should therefore consider how to de-risk breach by the other party of a particular contract. This will involve considering the consequences of termination clauses in the contract, together with your or the other party's terms and conditions of sale of goods, or supply of services, or terms and conditions

on which you buy goods or receive services.

To discuss these issues and for concise legal advice, please contact:



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Other notes in this series are:

- Brexit and your business **operational issues**: what should you consider now?
- Brexit and the **financial implications** for your business contracts: what should you consider now?
- Brexit and your **future** business contracts: what should you consider now?