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UK

PREVIEW OF 2016

LEGAL GUIDE

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INTRODUCTION

2016 will herald major changes in the UK legal arena, with a referendum on the UK's membership of the EU potentially taking place as early as the summer. The legal implications will be hugely significant if the UK ultimately leaves the EU. Staying on top of the broad sweep of developments is a substantial challenge, as is the importance of preparing for their impact. Our Preview of 2016 identifies the trends and issues we expect to be on the legal agenda this year.

In the banking and finance arena this year, a ban on contracts containing a "big four" auditor clause will come into force. In insolvency, various reforms are expected to come into force in the second half of the year.

A number of changes to the UK competition regime are anticipated. New EU procurement legislation is aimed at making the public procurement process more flexible. Private enforcement of competition law and measures aimed at facilitating damages claims remain a key priority.

Forthcoming corporate law changes include amendments to the prospectus regime and to supply chain reporting following the Modern Slavery Act 2015. The new Market Abuse Regulation will come into force this year, as well as the EU Audit Regulation and Audit Directive.

In dispute resolution, the EU Online Dispute Resolution Platform is nearing availability and two significant trade deals (the EU-Singapore Free Trade Agreement and the Trans-Atlantic Trade Investment Partnership) are being negotiated.

In employment law, draft regulations and a consultation on gender pay reporting are expected early in the year. Rules on whistleblowing in financial institutions come into force in September, and a directive on trade secrets could take effect during this year.

In energy and environment, international focus will be on carrying forward the consensus achieved at the Paris Climate Change Conference in December 2015. In the UK, the Energy Bill is expected to pass in the spring and announcements are expected on the Heathrow airport expansion, the reform of energy efficiency schemes, and adoption of a new air quality plan. The year also starts with a new emissions trading scheme.

Regulatory changes in the financial institutions sector include consultation on the remuneration requirements which apply to all banks and investment firms subject to the Capital Requirements Directive, including extending the "bankers' bonus cap" to all such firms. Progress will continue to be made towards the implementation

of various EU legislation, including the Market Abuse Regulation and the EU PRIIPs (packaged retail and insurance-based investment products) Regulation.

The most fundamental reform of English insurance law in over a century, the Insurance Act 2015, will come into force this year. Also in the insurance arena, a Senior Insurance Managers regime has been introduced and the Solvency II regime has come into force.

In relation to intellectual property, availability of the new unitary patent right only awaits the establishment of the Unitary Patent Court. The Rules of Procedure for the new court are now almost final, and it is expected to go into operation in spring 2017.

Various changes are expected in pensions law, including a reduction in the annual allowance for high earners and the introduction of a single tier state pension, replacing the current basic state pension and state second pension.

There is a focus on energy efficiency in the real estate arena. In planning, the Housing and Planning Bill is expected to be passed by Parliament, the Community Infrastructure Levy regime is due a full review and further reforms to permitted development rights are expected, including those related to fracking for shale gas.

In tax, a number of changes will be implemented as a result of the Organisation for Economic Co-operation and Development's Base Erosion and Profit Shifting project recommendations, aimed at tackling tax avoidance by multinational enterprises, including a new "country-by-country" reporting regime and a reformed patent box regime. Other changes include new rules for the taxing of dividends received by individuals, changes to the taxation of fund managers' performance-related returns and changes to pensions tax relief.

In technology, media and telecoms the European institutions have finally reached agreement on the comprehensive reform of data protection regulation originally proposed in 2012, and the final text of the regulation will be formally approved this year. Elsewhere in the sector, the Government and BBC will consult on renewal of the BBC Royal Charter which is due to expire at the end of the year.

We hope that you find this Preview of assistance as you prepare to support your businesses in the year ahead. We will of course keep you updated on these and other developments as they happen. In the meantime, do please get in touch with your regular Herbert Smith Freehills contact or the contacts listed in this publication if you would like to follow up on anything raised in this report.

Herbert Smith Freehills LLP

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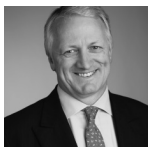


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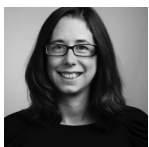


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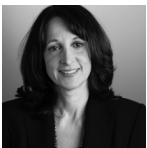
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