

JULY 27, 2016

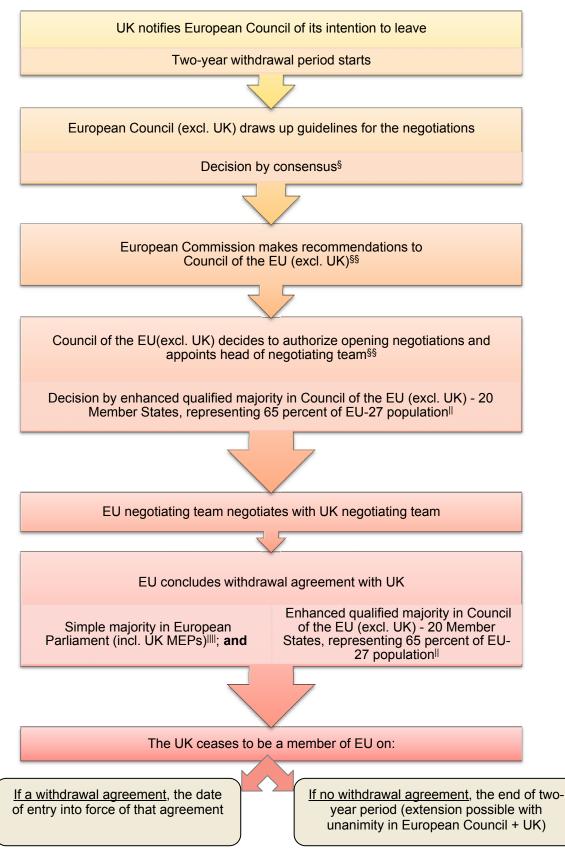


Summary of Legal Process and Potential Timeline

| Jun 2016: UK referendum | Potential timeline | | | |
|---|--------------------|------|--|---|
| Juli 2010. UK telefehuulli | June | 2016 | | |
| Jul 2016: UK has new prime minister | | | UK internal process Prime Minister/Parliament deci | |
| UK notifies EU of its intention to withdraw | | | Council under Art. 50 [*] • No time limit – UK can notify a | |
| Jan-Jun 2017: Malta holds EU presidency | January | 2017 | | |
| Apr-May 2017: French presidential election | Turns | 2017 | | |
| Jul-Dec 2017: [tbc] holds EU presidency | June | 2017 | EU Art. 50 process for withdrawal • Negotiating the UK's exit | |
| Sep/Oct 2017: German federal election |]anuary | 2018 | Withdrawal agreement should take into account the framework for a future | |
| [Jan-May] 2018: Italian general election | | | EU-UK relationship But withdrawal agreement ≠ agreement for future | UK internal process to approve withdrawal |
| Jan-Jun 2018: Estonia holds EU presidency | June | 2018 | EU-UK relationship Two-year time limit, unless extended | agreementIf ratifying new treaty, |
| Jul-Dec 2018: Bulgaria holds EU presidency | | | | UK Parliament must review [†] |
| | January | 2019 | | |
| UK out of the EU | | | New EU-UK agreement negotiation (if any) | UK internal process post-exit |
| Jan-Jun 2019: Austria holds EU presidency | | | After the UK has formally exited the EU, the UK and EU may enter into a new trade agreement^{1†} No time limit – negotiations may take years or may reach no conclusion | Repeal or amendment of European Communities Act 1972 and other EU- related legislation[‡] Ratification of any additional treaty with EU[†] |

Sidley Austin provides this information as a service to clients and other friends for educational purposes only. It should not be construed or relied on as legal advice or to create a lawyer-client relationship. Attorney Advertising - For purposes of compliance with New York State Bar rules, our headquarters are Sidley Austin LLP, 787 Seventh Avenue, New York, NY 10019, 212.839.5300; One South Dearborn, Chicago, IL 60603, 312.853.7000; and 1501 K Street, N.W., Washington, D.C. 20005, 202.736.8000.

Details on Article 50 TEU^{‡‡} Procedure



Endnotes

* There is a debate over the UK's constitutional requirements for notifying the European Council of its intention to withdraw from the EU. The UK's constitution is not codified and, as such, does not have written procedures for this specific situation. It may be that the Prime Minister can issue the notification based on his/her executive prerogative powers, or it may be that the UK Parliament must vote in favor of the notification.

** The UK was due to hold the rotating presidency of the Council of the EU in July-December 2017, but has indicated that it would not take this up. It is unclear which EU Member State would stand in.

⁺ If the EU-UK withdrawal agreement constitutes a treaty, either the UK Parliament must be given the opportunity to scrutinize and object to the treaty (Section 20 of the Constitutional Reform and Governance Act 2010) or the UK Parliament must approve the treaty (Section 2 of the European Union Act 2011) before the treaty may be ratified.

⁺⁺ Entering into a new EU-UK agreement would entail its own approval procedures:

- If the UK wishes to enter into a bilateral Free Trade Agreement (FTA) with the EU, then this would go through the same procedure as the EU's other FTAs with non-EU countries. For the EU to conclude a new FTA, the Council of the EU must unanimously approve the agreement (unless the FTA does not cover any areas where unanimity is required) and the European Parliament must also give its consent. (Article 218 of the Treaty on the Functioning of the European Union (TFEU)).
- If the UK wishes to join the European Free Trade Association (EFTA), the EFTA Council would need to approve unanimously (i.e. Switzerland, Norway, Iceland and Liechtenstein must all approve). Note that EFTA membership in itself does not mean access to the EU market. (Article 56 of the EFTA Convention).
- If the UK wishes to join the European Economic Area (EEA), the UK must first become a member of EFTA, then be approved by all EEA Contracting Parties (i.e., all EU Member States, the EU in its own right, Norway, Iceland and Liechtenstein). (Article 128 of the EEA Agreement).

[‡] The UK Parliament will need to repeal the European Communities Act 1972, which currently applies EU law in the UK. The UK Parliament will also need to adopt new legislation for areas previously governed by EU law.

^{‡‡} Article 50 of the Treaty on the European Union (TEU). Article 50(2) TEU provides that the withdrawal agreement shall "[set] out the arrangements for [the UK's] withdrawal, taking account of the framework for its future relationship with the Union."

§ Article 15(4) TEU.

§§ Article 218(3) TFEU.

- || Article 238(3)(b) TFEU.
- |||| Rule 82 of the Rules of Procedure of the European Parliament.

If you have any questions, please contact the Sidley lawyer with whom you usually work, or

Nick Brittain Partner +44 20 7360 3606 nbrittain@sidley.com Arnoud Willems Partner +32 2 504 6409 awillems@sidley.com

For more information and updates, please visit our <u>Brexit Resource Page</u>. To receive Sidley Updates, please subscribe at <u>www.sidley.com/subscribe</u>.



$$\label{eq:boston} \begin{split} & \mathsf{BESIJING} \cdot \mathsf{BOSTON} \cdot \mathsf{BRUSSELS} \cdot \mathsf{CENTURY} \ \mathsf{CITY} \cdot \mathsf{CHICAGO} \cdot \mathsf{DALLAS} \cdot \ \mathsf{GENEVA} \cdot \mathsf{HONG} \ \mathsf{KONG} \cdot \mathsf{HOUSTON} \cdot \mathsf{LONDON} \cdot \\ & \mathsf{LOS} \ \mathsf{ANGELES} \cdot \mathsf{MUNICH} \cdot \mathsf{NEW} \ \mathsf{YORK} \cdot \mathsf{PALO} \ \mathsf{ALTO} \cdot \mathsf{SAN} \ \mathsf{FRANCISCO} \cdot \mathsf{SHANGHAI} \cdot \mathsf{SINGAPORE} \cdot \mathsf{SYDNEY} \cdot \mathsf{TOKYO} \cdot \\ & \mathsf{WASHINGTON}, \ \mathsf{D.C.} \end{split}$$

Sidley and Sidley Austin refer to Sidley Austin LLP and affiliated partnerships as explained at www.sidley.com/disclaimer.

www.sidley.com