BREXIT: COSTS AND TIMESCALES OF UK-RELATED M&A 'COULD INCREASE'

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Mergers and acquisitions with a UK element could be subject to extended timetables and increased costs following the UK's decision to leave the European Union, law firm Hogan Lovells has warned.

In a Brexit briefing paper, the firm said that certain UK-related M&A deals will no longer benefit from a "one-stop shop merger control review by the European Commission, and will instead require review by both the European Commission and the UK's Competition and Markets Authority".

It added:"This may increase execution risk and extend deal timetables and costs."

The briefing paper said that, currently, the EU merger control framework acts as a constraint upon political interference in merger control decisions. It continued: "The European Commission reviews transactions solely on a competition-based test (whether or not the transaction will "significantly impede effective competition" in the EU) and there are limited exceptions where EU Member States can intervene to protect specified 'legitimate interests'.

"With the loss of this system following a Brexit, it is possible that UK merger control could become more politicised or locally-focused. This could impact on deal clearance certainty and necessitate the use of political avenues to secure clearances."