

What could Brexit mean for share schemes? - Employee Benefits

By Raoul Parekh and Anne Croft - 31 May 2016

Much of the Brexit debate has centred on whether leaving the EU will allow the UK to reduce the burden of business regulation. But what does this mean for employee share schemes?

The mainstream press has been full of arguments about what Brexit might mean for employment law, with a contrast drawn between the freedom for a future UK government to repeal inconvenient EU rules versus a picture of a UK without any workers' rights to speak of. Unsurprisingly, share schemes have barely got a look in.

However, the potential impact of Brexit here is significant. The key change is the possible end of the EU Prospectus Directive for the UK. This would mean that UK organisations cannot rely on the exemption for employee share schemes to offer shares to employees across the EU. Instead, UK organisations would suddenly face the same higher regulatory hurdles as do US organisations trying to issue shares to employees in the EU. Hopefully, a future UK government would prioritise solving this problem post-Brexit, but in the ensuing mass of competing priorities, nothing can be guaranteed.

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