

How will brexit impact the law profession?



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The UK's exit from the European Union has brought shockwaves around the world. This article aims to analyse how Brexit will impact the profession of lawyers and its industry.

Right now, there is much uncertainty as to how Brexit will impact the UK and its legal industry.

However, in the short term, once Article 50 of the Lisbon Treaty is triggered, there could be a small boom in legal advisory needed by financial services companies on how to operate in this new environment.

For example, Brexit will impact tax, employment, business law, intellectual property and financial regulation.

The U. K. legal profession is massive. It contributed 25. 7 billion pounds to U. K's GDP in 2015. It also employs 314, 000 people. Regarding global legal services fee revenue, it makes up 10% of it.

London-basedlawyers might benefit from the weak pound

- As the pound weakened drastically from the Brexit decision, it might lead to more business for UK based law firms. This is a significant turnaround from London's reputation as being home to some of the world's most expensive lawyers.
- With a weak pound, lawyers specializing in Mergers and Acquisitions might benefit from providing potentially cheap UK target companies for foreign buyers as a result of the weak pound.

Lawyers might risk losing their privilege to practice law in EU

- One of the risks arising from the Brexit is that lawyers lose their rights to EU professional legal right. This means that if you are a lawyer, you might no longer be recognized by EU to practice in the region.
- A report by consulting giant Ernst and Young predicted that losing EU access could create a loss of 18, 000 jobs in the legal and accounting sector.
- However, this risk remains to be seen as there are likely to be new agreements to be negotiated before the full Brexit occurs.
- With the significant role the legal profession plays in the U. K., the government has to find ways to alleviate the risks and damage that Brexit will create on the law profession. It cannot just let U. K. lose its prestige as a global hub for legislation and finance. In fact, the U. K. is the world's pioneer center for dispute resolution.
- The use of the English law in commercial contract globally should also be protected by the British government.
- The loss of reputation and relevance of the law profession will create massive job losses and a trickle-down effect on other sectors.

The likely relocation of financial institutions will reduce the bottom line of law firms

- Financial firms are one of the key clients of U. K. law companies, and because of Brexit, they might choose to relocate outside the UK. This could mean the decline of the law firms. In 2015, the five dominant law firms in London earned revenues amounting to 5. 14 billion pounds. True enough, after the EU referendum, the private performances of

Allen & Overy, Clifford Chance, Slaughter & May, Freshfields, and Linklaters all slowed down.

- According to a survey done by professional services group PwC, profit margins from UK operations at the top 50 law firms have dropped by an average of 1% to 1.4% percent in 2016.
- After the U. K. leaves the EU bloc, the EU will eliminate practice rights for cross-border business.

Brexit is beneficial for Law Professors and students dealing with EU Law and Brexit

- One of the benefactors of the Brexit would be current law students specializing in EU law.
- Brexit triggers a lot of uncertainty and questions and the law students that can understand the legal complexity of the situation will be very employable upon graduation.
- The numbers show that some students that got accepted to law courses for the academic year 2015-2016 have more than tripled based on figures from Law Society of England and Wales.
- With more students joining law schools, it would also boost the demand for lawyer professors. Lawyers can, therefore, part time in law schools and increase their incomes.

U. K. legal firms are doing countermeasures

- As a result of Brexit, many law firms, especially the elite ones are already thinking of counter moves once their key clients decide to move out of the U. K. For starters, many lawyers from England and

Wales are applying to be members of the Irish Bar. By September of last year, 411 U. K. lawyers registered in Ireland.

There might be more mergers in the near term and increased technology investment

- As a result of dwindling demand and intense competition, more mergers in the law industry might continue to unfold. For example, there was a recent three-way merger between Olswang, Nabarro and CMS UK.
- With the stiff competition, investing in new technology might be imperative to survive and to remain relevant.

There will be fewer EU trainees in London law firms

- Diversity in London law firms will take a hit as there will be less EU trainees going to London for training. These EU trainees bring talents, language skills and relevant country knowledge that could give the firm an edge.

Final thoughts on the Brexit

At the end of the day, the impact of Brexit on the law profession is rather uncertain. The biggest factor that will determine it will be Brexit's economic impact on the U. K. The legal industry depends on many industries for business, e. g. the financial sector.

If the financial sector gets dragged down because of economic uncertainty and losses from the Brexit, then law firms will suffer as well.

If the economy surges, then we can see the law industry to thrive and even grow.

If the U. K. economy slows down, then the law industry will have to adapt and find ways to survive.

Another factor to keep in mind is how much of the revenues these London-based law firms make are outside the U. K.

If most of their income is made outside the U. K., Brexit would have a limited impact on them. However, if they get mostly their revenues inside the U. K., then they will have to make some adjustments to address this risk.