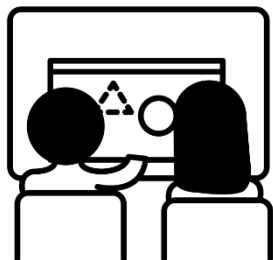


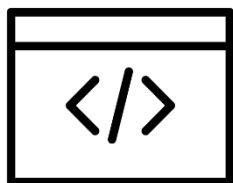
Brexit's Effect on Technology Companies: Domestic Startups and Abroad

Details of How Brexit Might Effect Technology Companies



European Regulation of US Technology Companies

- US tech companies such as **Google** and **Facebook** already face strong regulatory scrutiny in Europe for reasons like **antitrust**
- Britain has called for lighter regulation in the tech industry in the EU compared to Germany and France, who have pushed for stronger regulatory measures
- **Brexit will likely give more sway to France and Germany** in talks of regulating these companies
- American technology companies with European headquarters based in Britain (Amazon, Google, Twitter, and Facebook have all opened large offices in London) likely must move to a member state of the EU



The Technology Startup Industry

- Many startup founders have come out against Brexit, noting that it would make it **harder to hire talent from other parts of Europe**. Founder of DueDil, Damian Kimmelman, has asserted that “without access to Europe, the pool of applicants shrinks dramatically... People in tech are the number one commodity”
- Founders Forum found in a survey of several hundreds of startup founders that **more than 90%** were opposed to Britain leaving the EU and that **around 25%** of the employees in their companies were migrants
- Labour party politician Tessa Jowell has noted that “for tech startups, **access to the single digital market** is absolutely imperative”
- **Microsoft** has commented that Brexit makes it **less likely to invest more in the UK**
- Startup competitors in other countries have noted that the European startup dynamic would shift the tide in their favor. VC provider German Startups Group stated, “**Brexit is good news for the German startup scene...** We expect a significant decrease in new incorporations in London in favor of Berlin”

Sources: David Meyer, “What Brexit Means for Tech,” *Fortune*, June 24, 2016; Paul Mozur, “U.S Internet Companies Could Face New Regulatory Scrutiny,” *New York Times*, June 23, 2016; Parmy Olson, “Brexit Would Hurt UK Startups, Tech Leaders Say,” *Forbes*, June 22, 2016; Noun Project, 2016.

Brexit's Effect on Laws that Regulate the Technology Sector

Details of How Brexit Might Change the Regulation of Technology



Intellectual Property

- European Patent Office President Benoît Battistelli stated that Brexit has **no effect on European patents** in Britain because the EPO is not exclusively for EU members
- However, the **Unitary Patent Scheme**, which streamlines the process of acquiring a patent that is protected throughout all EU member states into one application and fee, would **not** apply to Britain and would delay its implementation, due to Britain's significant role in its development
- Britain is **no longer part of the EU Trademark system**, which is only applicable to EU member states; existing EU trademarks will cease to apply in Britain



Net Neutrality

- The 2015 Roaming and Open Internet Regulation, including EU's rules enforcing net neutrality prohibiting **blocking** and **throttling**, which took effect on April 30, 2016, **and may no longer be preserved** in Britain
- Britain will need to consider passing **new legislation** to fill this **regulatory gap**

Sources: "Brexit: UK Lawyers Air Concerns Over Departure from EU," *World Intellectual Property Review*, June 24, 2016; "Brexit: Sector by Sector: Telecoms and Media," Herbert Smith Freehills LLP, June 23, 2016; "Our Commitment to Net Neutrality," *European Commission*, April 29, 2016; Noun Project, 2016.

Brexit's Effect on Privacy and Security

Details of How Brexit Might Effect Matters of Online Security



Privacy, Surveillance, & Data Flow Regulation

- Britain will meet the same obstacles that the US has with data collection of EU citizens after the fall of the Safe Harbor agreement, may have to enact a UK-EU Privacy Shield to continue trading with member states
- The UK's existing **Data Protection Act** will remain in force, but it is based on older EU rules that are much less strict than newer EU law
- In order to continue **cross-border data flows**, Britain will have to **reform** its existing privacy laws to meet the EU framework, or face high barriers
- The UK has mass surveillance programs affecting other nations, but the UK's programs had not prompted the **stoppage of data flow** between it and the rest of the EU because it was also a member. Now that Britain has left the EU, this situation may change



IT Security

- According to research by Unified Security Management and AlienVault, Britain will **no longer receive intelligence sharing with other EU member states**
- **38%** of workers in the IT security industry worry that leaving the EU will make Britain more vulnerable to cyber attacks for this reason
- AlienVault security advocate Javvad Malik notes "cyber attackers pay no attention to geographical boundaries, transcending borders, and jurisdictions to maximize malicious effect. The truth is that we can provide a stronger and more robust defense against emerging threats by working together and sharing information"

Sources: Laura Barnes, "Brexit: Here's How Leaving the EU Could Shake Up the Tech Industry," PCR, June 24, 2016; David Meyer, "What Brexit Means for Tech," Fortune, June 24, 2016; Glyn Moody, "Brexit: Trade Deals Will Force UK to Follow EU Data Privacy Laws Anyway," ArsTechnica, June 24, 2016; Noun Project, 2016.

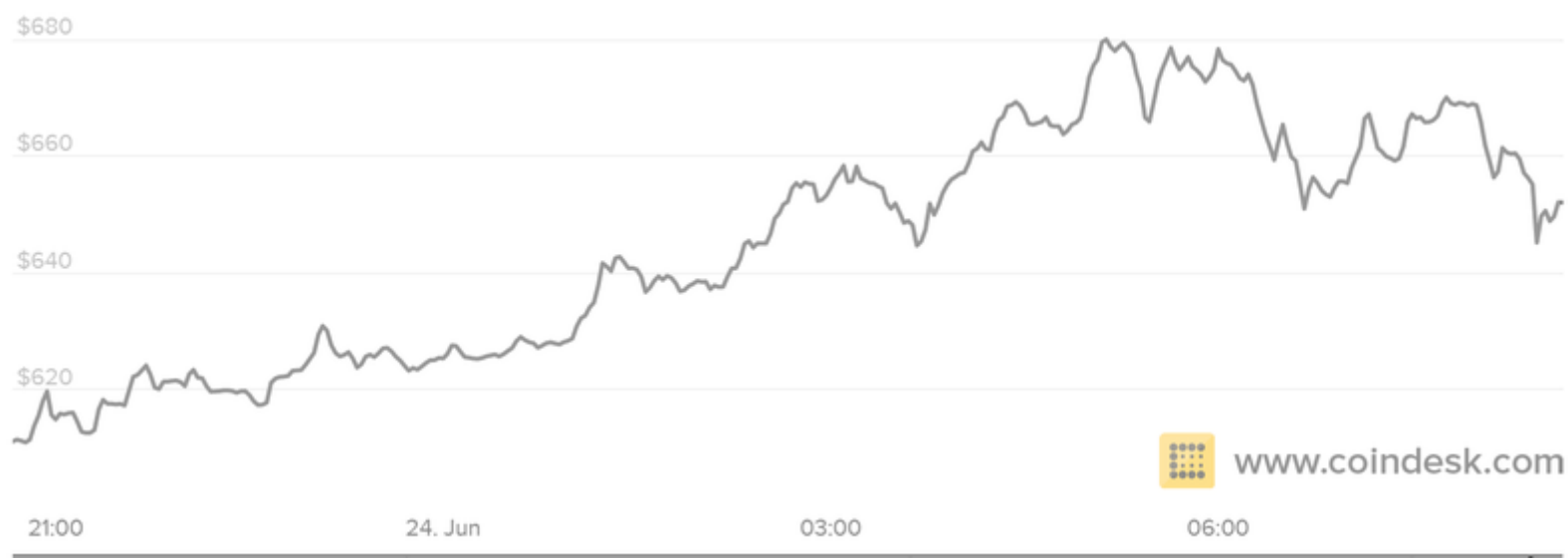
Brexit's Effect on Cryptocurrency

Details of How Brexit Has Altered Bitcoin's Value



Bitcoin Value

- Following Brexit, the value of Bitcoin has risen to \$650 while the British pound has fallen
- However, some investors warn that it is too early to claim Bitcoin as a safe haven
- The chart indicates the value of Bitcoin over the span on 24 hours on June 24, 2016.



Sources: Tom Warren, "Bitcoin Value Surges as British Pound Tanks on Brexit," the Verge, June 24, 2016; "Bitcoin Price Index," CoinDesk, 2016; Noun Project, 2016.