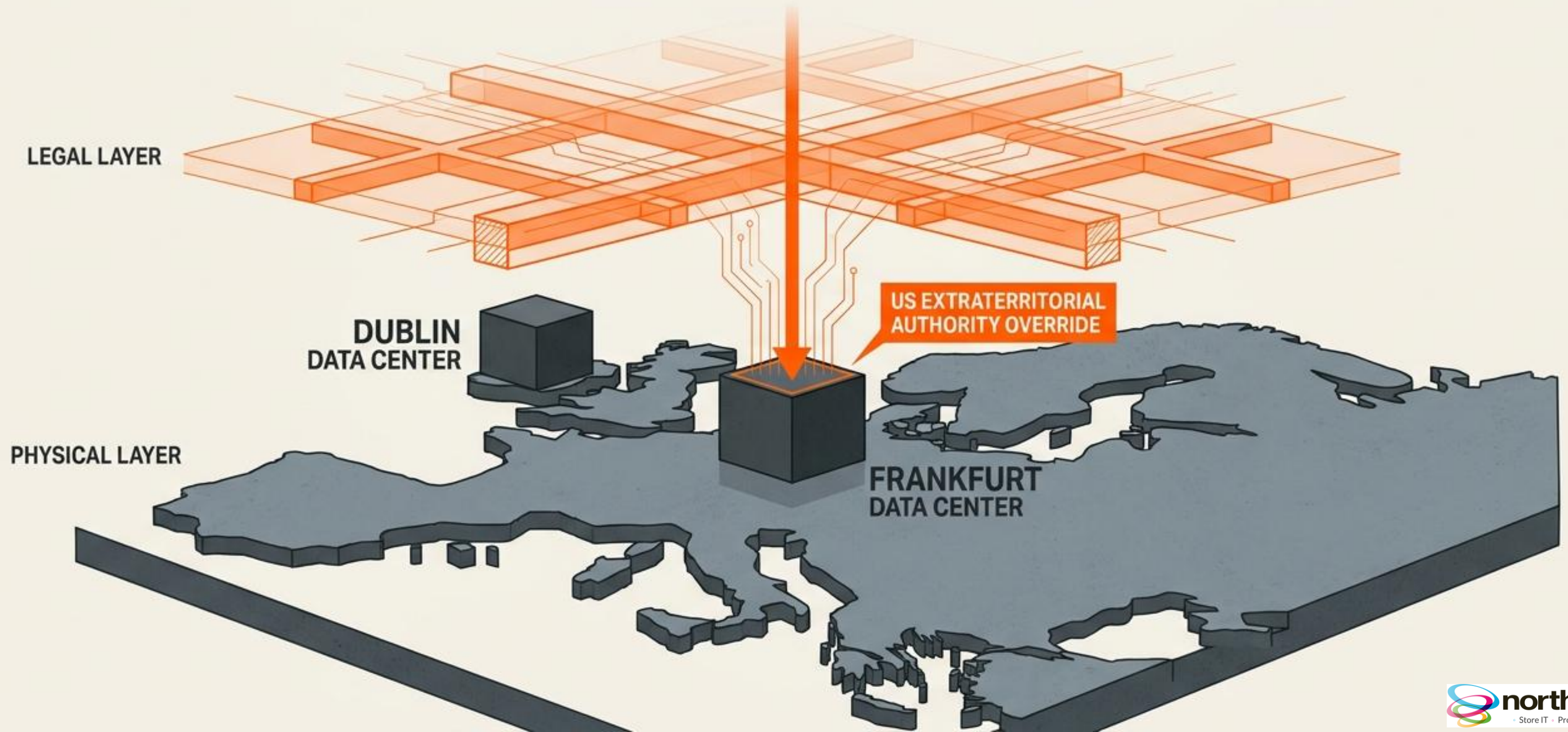
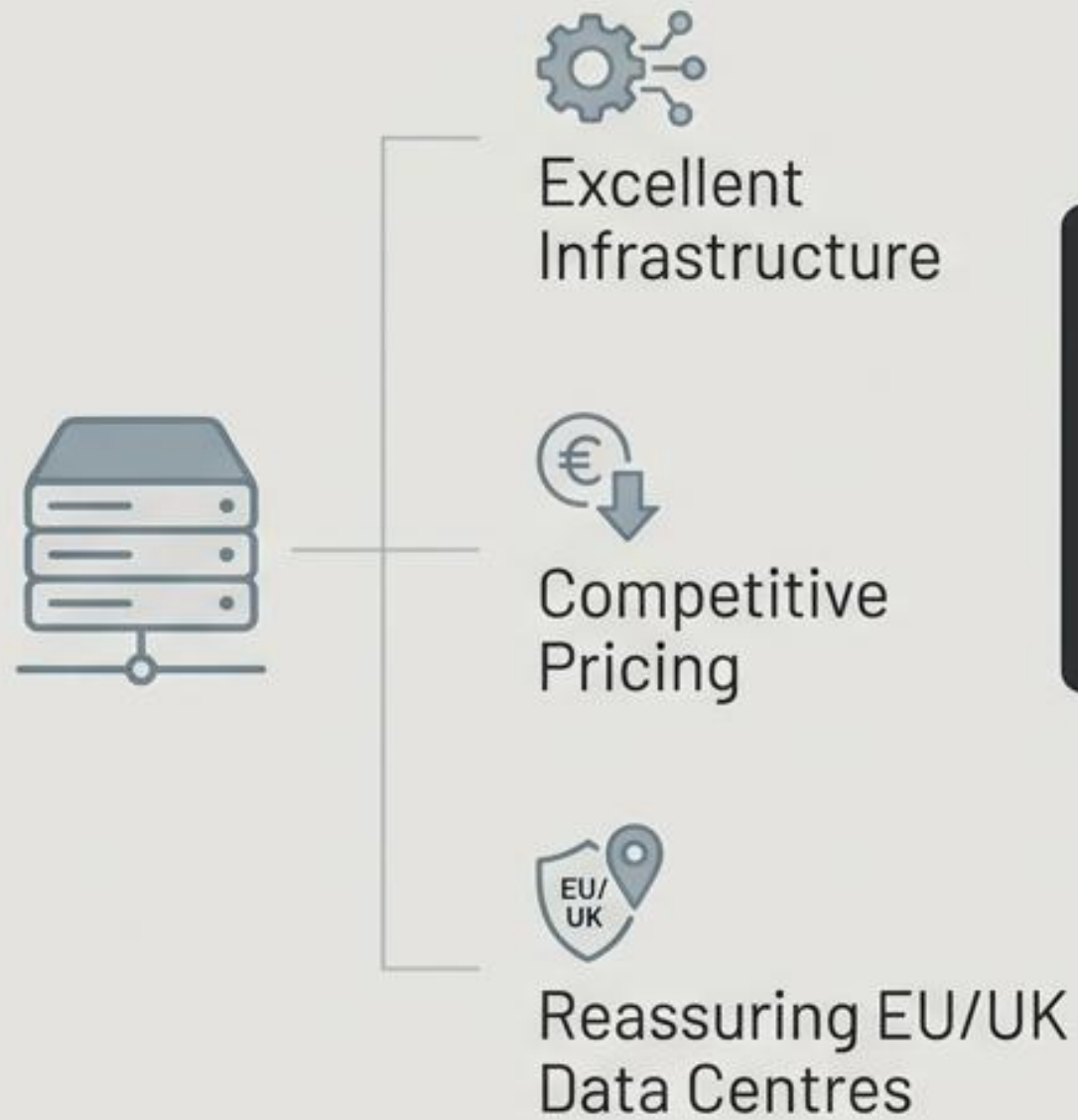


The Illusion of Data Residency

What 'stored in Europe' actually means when US extraterritorial law enters the equation.

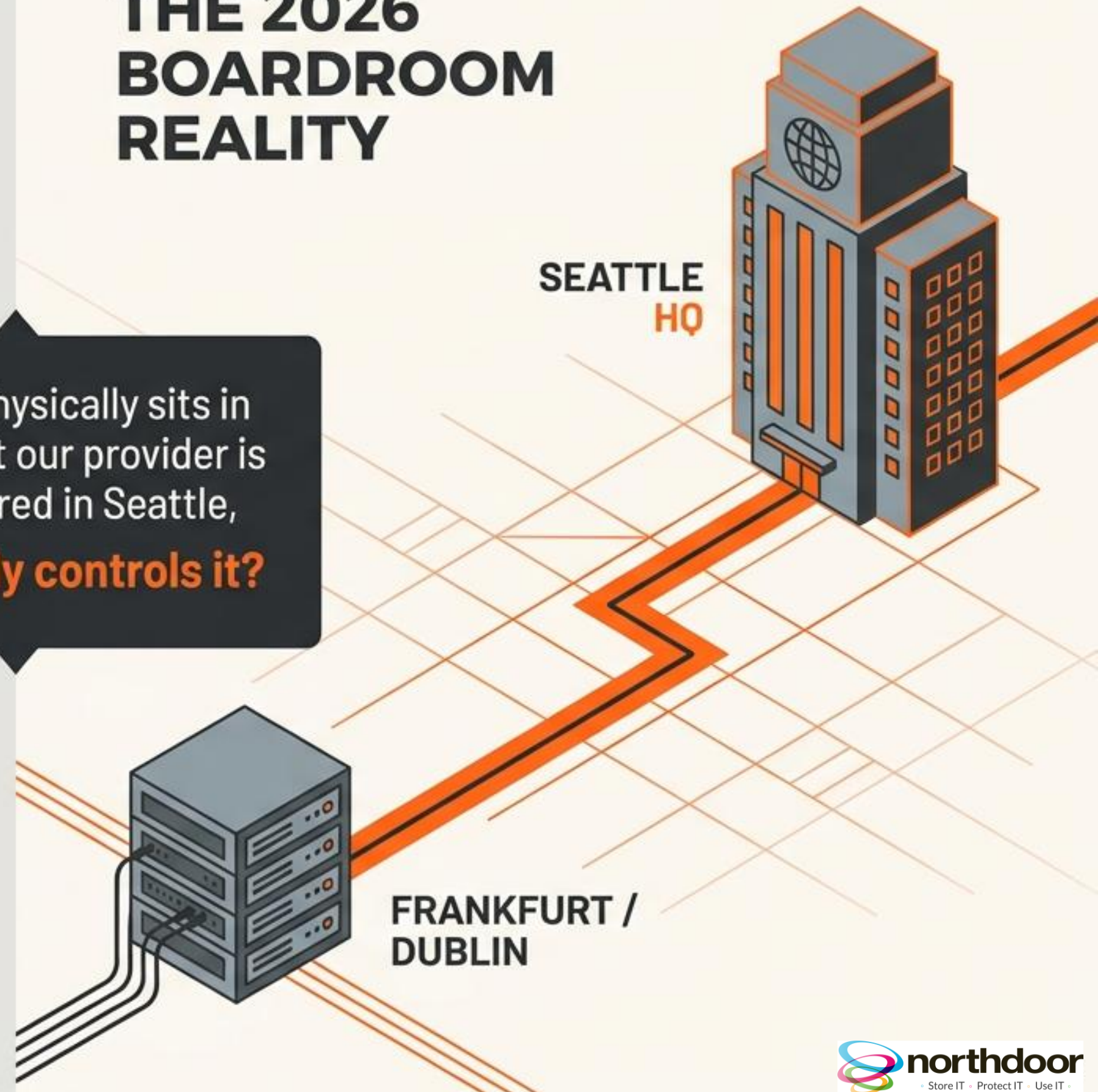


THE 2016 COMFORT ZONE



THE 2026 BOARDROOM REALITY

If our data physically sits in Frankfurt, but our provider is headquartered in Seattle, **who actually controls it?**



Physical location no longer guarantees legal protection

Data Residency (The Illusion)	Data Sovereignty (The Reality)
Geographical fact (Where the server sits)	Legal reality (Which jurisdiction governs it)
Maps and Cables	Authority to Compel Access
Physical breach	Extraterritorial law
Locked data centre doors	Corporate incorporation and sole key custody

Extraterritorial laws overrule geographical borders

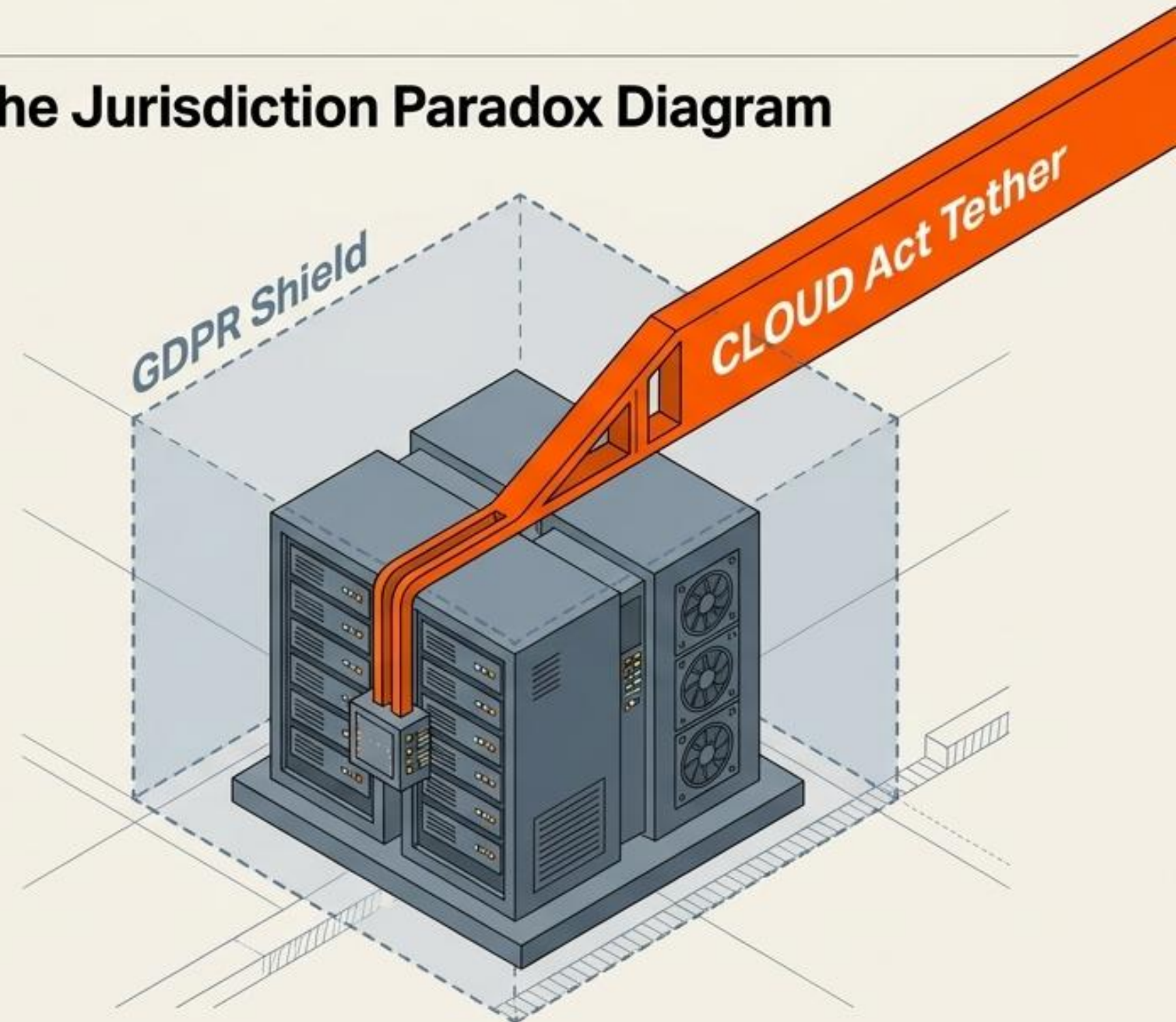
The Myth:

"Our data is stored in an EU data centre, so it is covered by EU law."

The Legal Reality:

The US CLOUD Act (2018). US authorities can compel a US-domiciled tech company to produce data held anywhere in the world. The physical location of the data centre is legally irrelevant.

The Jurisdiction Paradox Diagram



GDPR compliance operates entirely in parallel to US federal access



GDPR (EU Regulation 2016/679) - Governs Collection & Processing



Schrems II (Case C-311/18, 2020): European Court of Justice invalidated Privacy Shield. US surveillance law creates risks EU laws cannot adequately counteract.



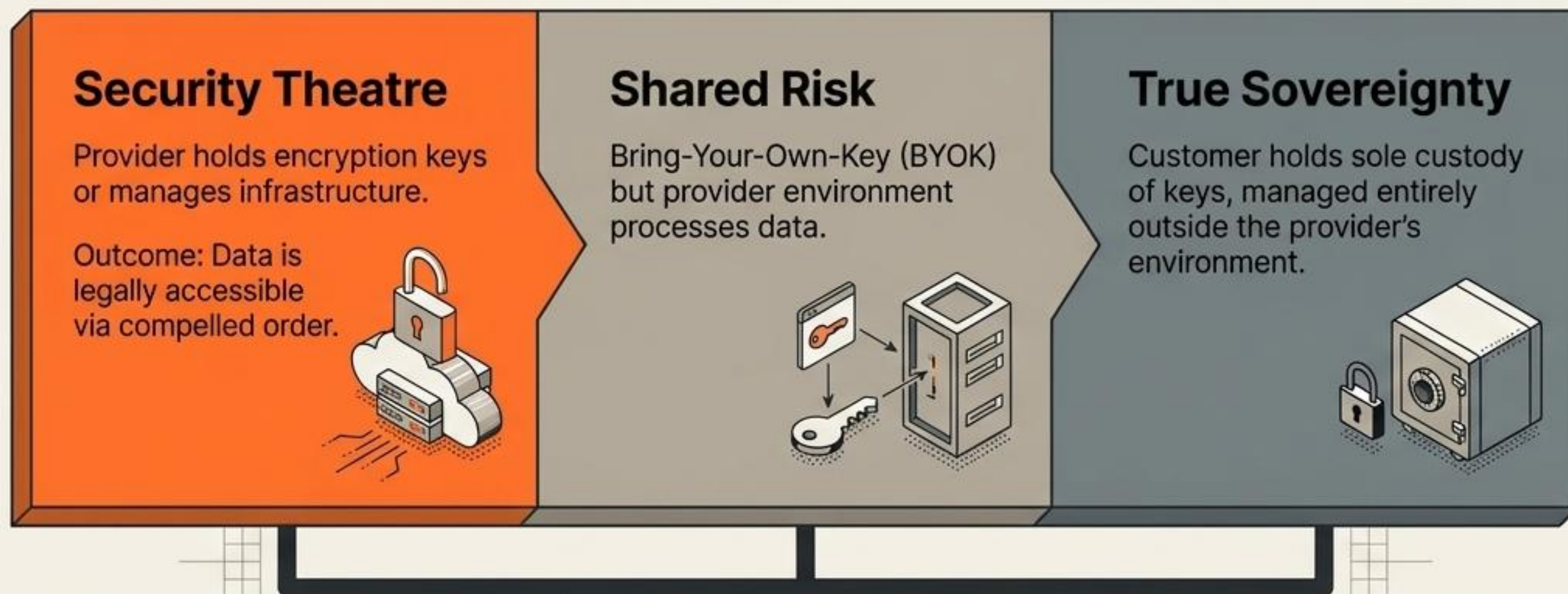
US Surveillance Law - Governs Compelled Access



EU-US Data Privacy Framework (2023): Adopted to bridge the gap, but long-term durability cannot be guaranteed amidst ongoing legal challenges.

Encryption without key custody is merely security theatre

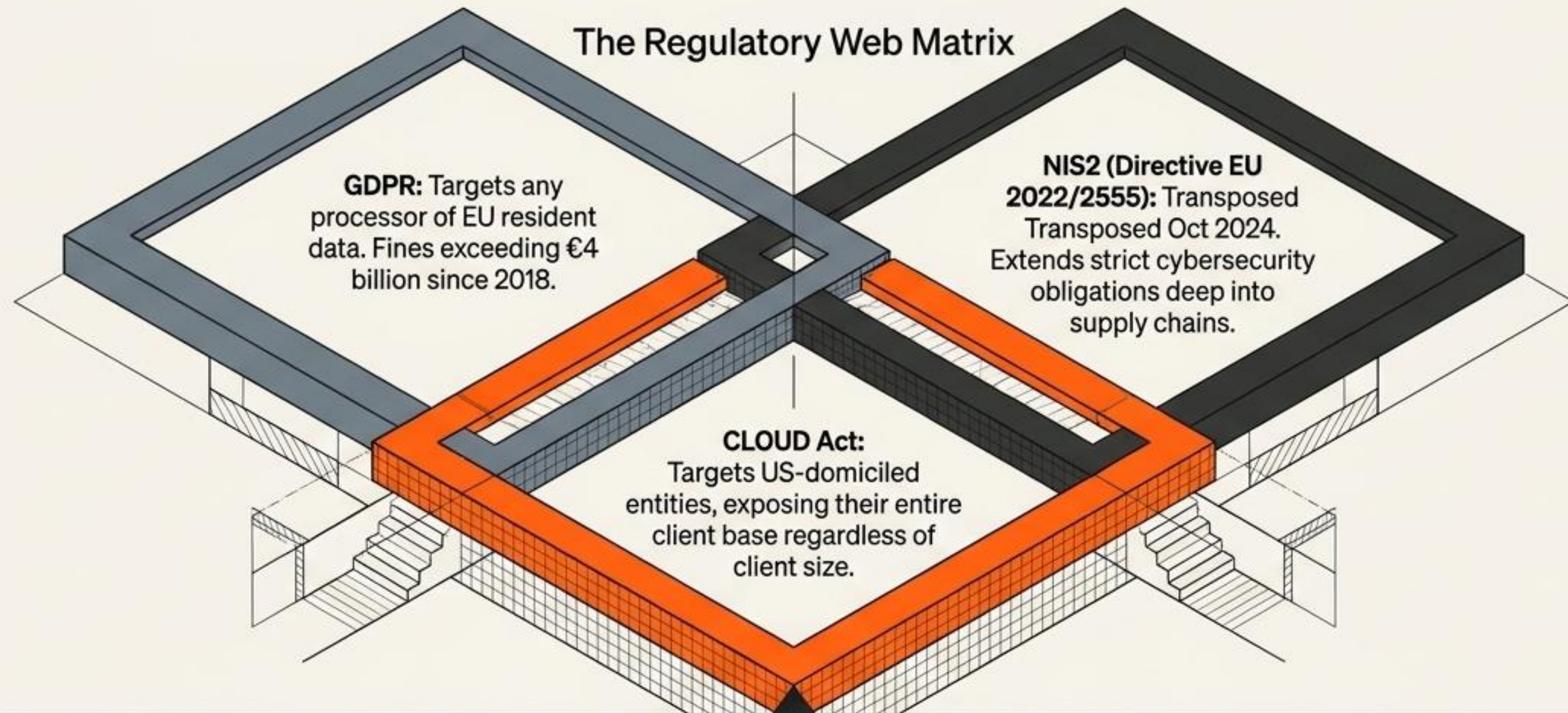
The Key Management Spectrum



The EU Data Act Mandate

Regulation EU 2023/2854 establishes strict mandates on data access rights and contractual clarity around key ownership, especially critical for EBA-regulated financial firms and healthcare.

Regulatory exposure does not scale down for smaller enterprises



Data sovereignty has moved from a single line in an RFP to a substantive section requiring detailed architectural proofs. If you cannot demonstrate control, you will lose business to competitors who can.

Genuine data sovereignty requires answering four distinct questions

1. Physical Residence

Where does data sit, backup, and transit? (Crucial for continuous AI-driven data flows).

2. Governing Law

What is the provider's country of incorporation and its extraterritorial reach?

3. Access Authority

Who can compel access, under what legal authority, and what are the notification conditions?

4. Data Portability

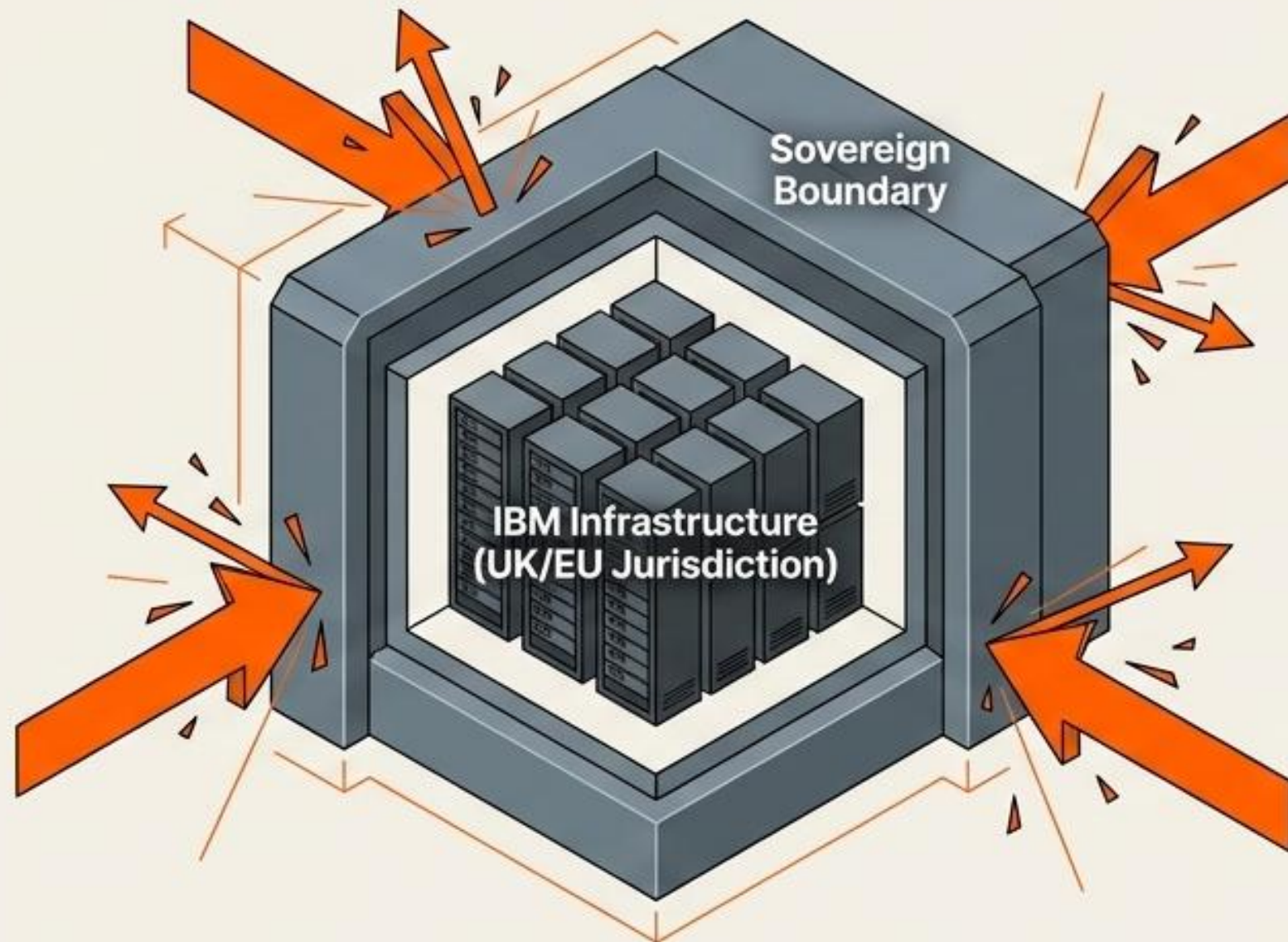
Can you move the data on reasonable timescales during a legal challenge?

Immediate actions before your next cloud contract renewal

The Supplier Audit Checklist

Red Flag (Exposure)	Green Flag (Sovereignty)
Key Management: Provider holds keys or manages infrastructure.	Key Management: Sole custody outside the provider's environment.
Legal Jurisdiction: US Parent Company (CLOUD Act applies).	Legal Jurisdiction: EU/UK incorporated entity immune to US extraterritoriality.
Access Provisions: Vague notification terms regarding compelled data access.	Access Provisions: Explicit GDPR Article 28 notification mandates for government requests.

Separating the physical and legal layers requires a hybrid architecture.



Northdoor designs hybrid cloud architectures that keep sensitive workloads within genuinely sovereign environments.

By leveraging IBM infrastructure and three decades of data governance expertise, we decouple physical performance from extraterritorial legal exposure, maintaining vital scalability without compromising control.

Can your team confidently answer who controls your data?



Geopolitical uncertainty and maturing regulatory enforcement have closed the gap between where data sits and who controls it. If you cannot definitively answer the four pillars of sovereignty, it is time for a practical discussion.

Northdoor offers a straight, objective assessment of your current exposure and architectural options. No sales pitch, just clarity.

Contact us to begin the assessment.