

EQ BOARDROOM

Bulletin



Welcome to our monthly bulletin of what's happening within the financial services industry that impacts the share registration and employee share plans space.



PAUL MATTHEWS
CEO, EQ BOARDROOM

With the 2019 AGM season well and truly upon us, the Boardroom AGM team have had an extraordinarily busy May successfully managing over 100 AGMs for our clients during the month with 13 General Meetings in one day alone. In addition, our dividend team have seamlessly made 92 dividend payments in the last month

amounting to £12bn paid to investors year to date. We continue to look forward to working with you and skilfully implementing your upcoming corporate tasks.

Our FTSE 350 clients will have received the annual Capital Analytics survey by now and we would encourage you to take the short time to complete this as your feedback helps us to review, shape and constantly improve our services to you. Thank you to all those who have already returned their responses.

In this month's bulletin we learn about the views of the FCA on periodic financial information and insider information, PIRC's voting guidelines on time commitment and independence of directors and new regulations requiring proxy advisors to disclose new corporate governance information.

As always, if you have any questions on the content of this month's bulletin, please contact your Relationship Manager.

ARTICLES IN THIS EDITION COVER:

- The FCA updates guidance on inside information and financial results
- The Pensions & Investment Research Consultants (PIRC) has published its 2019 Shareowner Voting Guidelines
- BEIS proposes major reform of the company registration process
- Review of compliance with the Prompt Payment Code
- Guidance published for smaller companies to improve financial reporting
- Proxy Advisors obliged to disclose corporate governance information under new regulations
- Latest ProShare annual SAYE and SIP survey
- Employee share plans and free share awards

NEWS FROM ACROSS EQUINITI

- Join Team Equiniti for the J.P. Morgan Corporate Challenge

DATES FOR YOUR DIARY

- **TUESDAY 11 JUNE**
QUARTERLY CLIENT EQUIVALENCE FORUM
For an invitation to this event, please speak to your Relationship Manager
- **TUESDAY 25 JUNE**
WOMEN'S COMPANY SECRETARY FORUM
For an invitation to this event, please speak to your Relationship Manager or contact equenevents@equiniti.com
- **WEDNESDAY 10 JULY**
FTSE 250 NETWORKING
For an invitation to this event, please speak to your Relationship Manager
- **WEDNESDAY 18 SEPTEMBER**
EMPLOYEE SERVICES FORUM
If you have not received a 'Save the Date' to this event, please speak to your Relationship Manager or email equenevents@equiniti.com
- **MONDAY 7 OCTOBER**
SHARE REGISTRATION CONFERENCE
If you have not received a 'Save the Date' to this event, please speak to your Relationship Manager or email equenevents@equiniti.com

The FCA updates guidance on inside information and financial results

In its latest Primary Market Bulletin (No. 23), the Financial Conduct Authority (FCA) gives its views on some of the issues raised in its consultation on periodic financial information and inside information. In particular:

- Assessment of inside information: The FCA says that financial results may or may not constitute inside information. Companies should exercise their judgment and assess on an ongoing, case-by-case basis whether their financial reports contain inside information. The FCA says that this assessment may be carried out by trained individuals rather than needing formal assessment by a disclosure committee.
- This assessment process should be recorded and available to the FCA on request.
- Delay of disclosure of inside information which is to be included in a periodic financial report may be permissible if immediate disclosure is likely to prejudice the legitimate interests of the company because: (1) it would impact on the orderly production and release of the report; and (2) it could result in an incorrect assessment of the information by the public. The FCA says that delaying disclosure should be the exception, rather than the rule.

The Bulletin is available from [here](#)



The Pensions & Investment Research Consultants (PIRC) has published its 2019 Shareowner Voting Guidelines

The focus of PIRC's UK Shareowner Voting Guidelines is on time commitment and independence of directors, auditors, board diversity and environmental factors. Key areas to note are that PIRC will:

- Oppose the re-election of a CEO that sits on the nomination committee
- Abstain on the re-election of a nomination committee chair where no ethnic diversity disclosure is made
- Vote against or abstain on the re-election of a director where there are concerns over the director's time commitments or attendance
- Recommend a vote against the audit committee chair where the nature of non-audit work is not adequately disclosed

In addition PIRC wish to see the rotation of auditors at least once every five years and also expect companies to provide information in their annual reports about resilience to climate change and other environmental, social and governance factors.

The PIRC guidelines are available from [here](#)

BEIS proposes the major reform of the company registration process

The Department for Business, Energy and Industrial Strategy (BEIS) has published a consultation on options to enhance the role of Companies House and increase the transparency of UK corporate entities. BEIS states that, if implemented, the reforms would amount to "the most significant reform of the UK's company registration framework since a register was first introduced in 1844"

The drive for change has arisen over concerns such as the misuse of UK registered entities by international criminals, accuracy of information held at Companies House, abuse of personal information and limited nature of cross checks between Companies House and other public sector bodies.

The objective of the proposals is to ensure:

- more reliably accurate information on the companies register, reinforced by identity verification of individuals;
- effective protection of personal data;
- high compliance rates backed by an effective investigation and enforcement regime for non-disclosure and false filing offences;
- the removal of technological and legal barriers to allow enhanced cross checks on corporate data with other public and private sector bodies;
- continued investment in technology and the skills of Companies House staff to make the register more efficient, effective and resilient; and
- broader reforms to clamp down on misuse of corporate entities.

Most of the measures outlined would require primary legislation and significant changes to the systems, processes and staffing at Companies House.

The consultation closes on 5 August 2019 and is available from [here](#)

Review of compliance with the Prompt Payment Code

At the end of April 2019, the Chartered Institute of Credit Management (CICM) published details of its review of compliance against the Prompt Payment Code (the Code) which it administers on behalf of the Department for Business, Energy and Industrial Strategy.

The Code was set up in 2008 and is voluntary. It currently has over 2,200 signatories. Companies who have signed up to the Code agree to pay suppliers on time and to pay 95% of supplier invoices within 60 days.

The CICM were able to use the information published by businesses under the Payment Practices Reporting regulations to assess whether the standards of the Code are being met. In the last quarter, five companies have been removed from the Code for non-compliance. Twelve companies were suspended but have committed to make changes to meet the standards of the Code and may therefore be re-instated at a later date. One company has already been re-instated after showing compliance in the last reporting period.

Further information is available from [here](#).

Guidance published for smaller companies to improve financial reporting

The Financial Reporting Council (FRC) and Institute of Chartered Accountants in England and Wales (ICAEW) have published guidance for smaller listed and AIM companies in order to help improve their financial reporting. This follows concerns raised by the FRC about the quality of reporting in this sector of the market. The guide is based around a series of questions that Audit Committees can ask in relation to the stages of planning, production of interim and annual reports and review and planning for the following year. It also offers practical advice on how smaller companies can improve the quality of their financial reporting. The guide, 'Smaller Listed and AIM Quoted Companies – A Practical Guide for Audit Committees on Improving Financial Reporting',

is available from [here](#)

Proxy Advisors obliged to disclose corporate governance information under new regulations

The Government has recently published the Proxy Advisors (Shareholders' Rights) Regulations 2019 (the Regulations) which implement parts of the Shareholders' Rights Directive. The Regulations come into force with effect from 10 June 2019 and require proxy advisors to make certain disclosures about how they run their businesses including:

- the code of conduct which the proxy advisor adheres to, how this code is applied and explanations for any departure from the code. If the proxy advisor does not follow any code they must explain why. This information must be published on the proxy advisors' website no later than 21 June 2019 and then be updated annually.
- information on how the proxy advisor produces their voting advice and recommendations and the main sources of information used. This disclosure must be published on the proxy advisor's website no later than the end of the first financial year after 10 June 2019 and then updated annually.
- the identification of any actual or potential conflicts of interests by the proxy advisor.

The Regulations are available from [here](#)

Latest ProShare annual SAYE and SIP survey

Results and seminar

For many years Equiniti, along with a number of other share plan administrators, have worked with ProShare to provide SIP and SAYE data in order to deliver market information that can be used for analysing trends and participation. ProShare will be launching this year's Annual SAYE and SIP Survey findings at the House of Commons, on Tuesday 25 June 2019. This will be followed by an afternoon seminar on Wednesday 17 July 2019 with discussions on the key findings with time to debate, discuss and ask questions. All delegates will receive a copy of the SAYE and SIP survey and the seminar will finish with a drinks reception, an ideal opportunity to network.

If you are interested in attending this ProShare event please contact your relationship manager, further details can be found [here](#)

Employee share plans and free share awards

In May, BT's Chief Executive Philip Jansen announced a commitment of £50m towards making BT Group's 100,000 worldwide colleagues shareholders in the company through an employee ownership scheme. The 'yourshare' scheme will amount to approximately £50m per year for BT Group colleagues around the world, equating to an initial award value of £500 per employee. The shares will need to be held for three years, a move designed to encourage the long-term thinking and customer focus that will drive the success of the company. The move is a major step in BT's ambition to create a more engaged and energised workforce to drive significant improvements in customer service.

In the announcement Chief Executive Philip Jansen said: "I'm asking our colleagues for their commitment to making BT a national champion; and I want to give them ownership in our company and a share in our success. Placing customers at the heart of BT will only be possible by investing in the lifeblood of the business, our people, giving everyone a stake as we build a better BT for the future." Carolyn Fairbairn, CBI Director-General, said: "BT's move towards employee ownership is very welcome, giving employees a stronger voice, which has been shown to foster productivity growth and inclusivity in the workplace.

HMRC's employee share plan statistics to April 2017 have shown a slight decline over the previous five years in the overall number of tax-advantaged Share Incentive Plans (SIPs) where free shares have been awarded. More recently, however, we have seen companies considering awarding free shares to all employees either through SIPs or as non-tax advantaged awards, and it will be interesting to see whether this year's ProShare survey and HMRC's employee share plan statistics publication reflect this trend.

We have put together a short survey about companies' use of free share awards. We would like your feedback about whether your company awards free shares, the reasons behind this decision and whether there are likely to be any changes.

The survey will only take a few minutes and can be found [here](#)

We will be happy to share our findings in a future edition of EQ Boardroom Bulletin.

News from across Equiniti

Join Team Equiniti for the J.P. Morgan Corporate Challenge

With the annual J.P. Morgan Corporate Challenge just around the corner, Equiniti are hoping to have the largest team of runners racing, jogging or walking their way around the 5.6km course this year.

There is still time to sign up to Team Equiniti and join the 299 other Equiniti clients and colleagues who will complete the course in our specially designed Team Equiniti running tops.

The event is on Thursday 4 July in Battersea Park, London, with the starter gun firing at 6.45pm. If you would like to join Team Equiniti contact your relationship manager or email EQevents@equiniti.com by Thursday 6 June.

Team Captain, Rob Hemming (Senior Director Investor Intelligence & Business Development) said: "Having started this event seven years ago with just myself and seven colleagues, it will be fantastic to be captain of the largest team this year. It's a really fun event and afterwards there's an opportunity to catch up socially with colleagues, friends and clients. I'm pleased to announce that this year we will be supporting the NSPCC."