

EQ BOARDROOM

Bulletin



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



PAUL MATTHEWS
CEO, EQ BOARDROOM

Whilst the political fog continues to thicken, Equiniti has been full of activity completing our acquisition of RD:IR, organising our flagship events and picking up Share Scheme Provider of the Year at the WSB awards.

It was great to welcome so many of you to our Employee Services Forum, we hope you found the day full of great insight. We're also looking forward to seeing many of you at our Share Registration Conference on 7 October, where we have a fantastic line up with some great topics on the agenda.

We are pleased to announce that the acquisition of RD:IR has completed successfully, the team brings a wealth of investor relations expertise and experience and together we will enhance our capabilities and the services we offer to our clients.

In this month's Bulletin, we cover guidance for Non-Executive Directors from the Investment Association and the Quoted Companies Alliance in navigating their roles and recommendations from the Law Commission on electronic execution of documents. We also touch on the Prospectus Regulations revised for Brexit.

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:

- Assistance from the IA and QCA for Non-Executive Directors in navigating their roles
- Investment Association announces success of recent campaigns and an update on the Public Register
- Law Commission report into the electronic execution of documents
- Prospectus Regulations revisited for Brexit
- Revised Audit committee Guidance for smaller companies is published

NEWS FROM ACROSS EQUINITI

- Equiniti hosts the 16th Employee Services Forum
- Equiniti completes the acquisition of RD:IR
- Winners of the Share Scheme Provider of the Year award
- We return to the Courthouse Hotel for our 2019 AGM Forum
- Proud sponsors of the 2020 NED Awards

DATES FOR YOUR DIARY

- **WEDNESDAY 13 NOVEMBER**
FTSE 250 NETWORKING
For an invitation to this event, please speak to your Relationship Manager.
- **WEDNESDAY 11 DECEMBER**
EQUIVALENCE FORUM
Join like-minded professionals and hear the latest updates and industry news impacting Company Secretaries. If you would like to attend, please speak to your Relationship Manager or email equievents@equiniti.com



Assistance from the IA and QCA for Non-Executive Directors in navigating their roles

The Investment Association (IA) has announced the launch of its iNED Club. The Club is aimed at fund managers who were required to appoint at least two independent non-executive directors (iNEDs) to their boards before 30 September 2019. The purpose of the club is to support these iNEDs in the investment management industry and to help them provide effective oversight and challenge to the Board, particularly in its assessment of fund values. Available resources include an online portal with access to research and reports and training courses on governance and succession.

The IA's press release announcing the iNED club is available [here](#).

The Quoted Companies Alliance (QCA) has published a new report on the role of Non-executive Directors (NED) in growth companies. The report was produced in partnership with Henley Business School and Downing LLP to look at the differences in roles of the NED in growth companies as opposed to large companies. The report highlights three key aspects of the NED role in growth companies.

- The Chair is central in helping NEDs operate effectively through supporting good governance practices but it is individual NED experience, skill and determination that is most important.
- There is a wide variation in how NEDs carry out their role but four basic company types can be identified which require a particular approach by the NED and specific skills.
- The role of all NEDs includes some form of monitoring but in growth companies this is achieved through engaged stewardship.

The four basic types of growth companies identified in the report and summary of the suggested NED role are as follows:

- Small and low complexity – 'keep the CEO on track'
- Large and low complexity – 'keep the business on track'
- Small and high complexity – 'make sense of complexity'
- Large and high complexity – 'develop the team'

The QCA report is available [here](#)



Investment Association announces success of recent campaigns and an update on the Public Register

The Investment Association (IA) announced the success of their recent campaigns to cut pension payments for executives and encourage board diversity. Earlier in 2019 the IA published new guidance stating that shareholders expected directors to be paid pension contributions in line with the workforce and IVIS highlighted companies that did not comply. The IA's analysis shows that out of the FTSE 100, 30 companies have made changes to the pension rates of existing directors and/or committed to reducing rates for new directors.

The IA also wrote to 69 companies in February that had only one or no women on their board. Of these 28 have now appointed at least one additional woman to the board.

In the same announcement the IA released latest figures from the Public Register which lists companies who receive 20% of more of votes against a resolution. Highlights are:

- 126 companies and 251 resolutions are on the register for 2019 compared to 120 and 237 resolutions for the same period in 2018.
- The re-election of directors and executive pay were the resolutions that appear most on the Public Register.
- 86 director re-election resolutions appear this year compared to 80 in 2018 and 38 in 2017. 60 remuneration resolutions appear this year compared to 61 in 2018 and 68 in 2017.

There has also been an increase in the number of companies publishing statements where they have had a resolution appear on the Public Register explaining what actions they propose to take and follow up statements as required by the UK Corporate Governance Code.

The IA's press release is available [here](#)

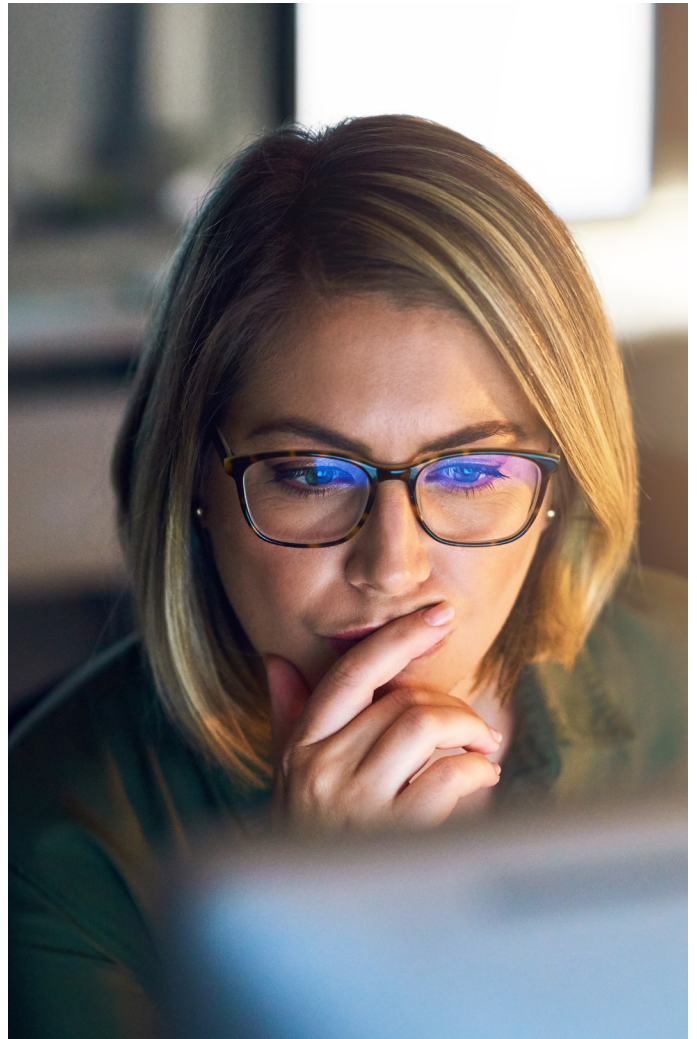
Law Commission report into the electronic execution of documents

In 2018 the Ministry of Justice asked the Law Commission to look into the law on the electronic execution of documents to address the uncertainty around the use of electronic signatures. The Law Commission has now published its report which concludes that the law is sufficient but, as it is not in one place, not always easy to access. The Law Commission has therefore made a summary statement of the law and suggested recommendations for the future. The Law Commission's statement of law is summarised as follows:

1. An electronic signature may be used to execute a document (including a deed) provided that (i) the person signing the document intends to authenticate the document and (ii) any formalities relating to execution of that document are satisfied.
2. These formalities may be required for example under a statute or may be laid down in a contract under which a document is to be executed. The following are examples of formalities that might be required: (i) that the signature is witnessed; or (ii) that the signature is in a specified form (such as being handwritten).
3. An electronic signature is admissible in evidence in legal proceedings.
4. Save where the contrary is provided for in legislation or contractual arrangements, or where case law specific to the document in question leads to a contrary conclusion, the common law adopts a pragmatic approach and does not prescribe any particular form or type of signature.
5. The courts have in the past, for example, held that the following non-electronic forms amount to valid signatures:
 - signing with an 'X';
 - signing with initials only;
 - using a stamp of a handwritten signature;
 - printing of a name;
 - signing with a mark, even where the party executing the mark can write; and
 - a description of the signatory if sufficiently unambiguous, such as "Your loving mother" or "Servant to Mr Spurling".
6. Electronic equivalents of these non-electronic forms of signature are likely to be recognised by a court as legally valid.
7. The courts have held that the following electronic forms amount to valid signatures where the statute is silent as to whether an electronic signature is acceptable:
 - a name typed at the bottom of an email;
 - clicking an "I accept" tick box on a website; and
 - the header of a SWIFT message.
8. In the case of deeds and witnessing requirements, a deed must be signed in the physical presence of a witness who attests the signature. This is the case even where both the person executing the deed and the witness are executing / attesting the document using an electronic signature.

The recommendations made by the Law Commission include setting up a working group to consider practical issues relating to the electronic execution of documents and provide best practice guidance, the review of the law of deeds and codifying the law to improve accessibility.

The Law Commission's summary report is available [here](#)



Prospectus Regulations revised for Brexit

The Prospectus (Amendment etc.) (EU Exit) Regulations 2019 (the Regulations) have been published which make provisions for when the UK leaves the EU. The Regulations essentially preserve the existing regime for companies in the UK.

The Regulations:

- Transfer functions from the European Securities and Markets Authority (ESMA) and the European Commission to HM Treasury.
- Require UK companies to use UK adopted international accounting standards for historical financial information. Companies outside of the UK must use UK adopted international accounting standards or equivalent accounting standards of other countries. These are explicitly set out in the Regulations.
- EEA companies will have to secure approval of the Financial Conduct Authority for their prospectus and registration documents whether or not already approved by an EEA state regulator.
- The Regulations will largely come into force on exit day from the EU.

The Regulations are available [here](#)

Revised Audit Committee Guidance for smaller companies is published

The Quoted Companies Alliance (QCA) is a membership organisation that supports small to mid-sized quoted companies. It has recently updated its Audit Committee Guide last published in 2014. It sets out the QCA's views on best practice for Audit Committees and will be of particular assistance to new Audit Committee members and the Audit Committee Chair.

The guide covers:

- What makes an effective Audit Committee
- Roles and responsibilities
- Risk management and internal control
- The relationship with the external auditor
- The annual audit cycle
- The Audit Committee report
- The work programme for the Audit Committee
- An induction framework information pack

The QCA guide is free to members [here](#)

News from across Equiniti

Equiniti hosts the 16th Employee Services Forum at Latimer Estate

Data proved the integral thread running through discussions at Equiniti's 16th annual Employee Services Forum. Over 130 clients delved into the intricacies of share plans at country retreat, the De Vere Latimer Estate, with guest speakers from Aon, Clifford Chance, Baker McKenzie and many more. We also had a special talk from Mathematics Professor and Broadcaster, Dr Hannah Fry, who explored the joy of data to compliment the day's themes.

“Phil Ainsley, Director of Products and Markets for Employee Services

said: This event more than lived up to the standards set by the last 15! We run the Forum to give our clients the opportunity to hear about current topics from industry experts and share their insights and experiences with peers. It is a great environment to network with other equity plan professionals in a relaxed atmosphere whilst building knowledge and understanding. It also reinforces our commitment to the industry and our position as the leading employee share plans provider.”

Learn more about the day's events [here](#)

Equiniti completes the acquisition of RD:IR

On 9 September Equiniti was pleased to announce that it had completed the acquisition of Richard Davies Investor Relations Limited (RD:IR). Founded in 2002, RD:IR offers a wide range of investor relations analysis, research and advisory services to over 600 UK and international public companies such as Barclays, BT and British Land.

This acquisition will provide Equiniti with the platform to broaden and deepen the corporate governance and investor relations services we offer to our clients.

RD:IR's team will be joining Equiniti, bringing a wealth of investor relations expertise and experience to the Group.

“Paul Matthews, CEO of EQ

Boardroom, said: “The acquisition of RD:IR will accelerate our strategy to become the number one provider in investor relations and corporate governance services across the markets in which we operate. We are investing to create a suite of services for the corporate governance space providing everything required for the Boardroom, including investor relations, company secretarial, ESG and proxy analytics. The skills and technology of RD:IR are a powerful addition to our capabilities: together we can grow faster.”

“Richard Davies, Founder and Managing Director of RD:IR, said:

“It was clear from the beginning of our relationship with Equiniti that we shared the same objectives and values. Becoming part of an international group will allow us to step up investment in our platform and to share our expertise with an even wider range of clients. There's a real sense of excitement on both sides about what we can achieve together to benefit existing and future clients.”

Find out more about Richard's thoughts on the acquisition when he spoke to the IR Magazine recently, see the full article [here](#)

Winners of the Share Scheme Provider of the Year award

Equiniti picked up the prestigious title of Share Scheme Provider of the Year at the WSB (Workplace Savings and Benefits) Awards held on 5 September.

The awards, now in their seventh year, recognise employers who have the best benefits, teams and offerings to their staff and have done the most to improve these over the past 12 months. The awards also reward the best pension and benefit providers - recognising those that have done the most to help employers and their staff over the past year.

We were awarded Share Scheme Provider of the Year for working closely with our clients, effective communications, our technology and innovation. The judges recognised that we've developed a deep understanding of our clients' culture, their business, their needs and ambitions and have added value, helping them to achieve the maximum from their share plans.

We have invested in improving shareholder communication at key touchpoints, across our products and services and through 2018 we rolled-out a new discretionary share plan portal, along with a suite of developments needed for key regulatory change.

“Paul Matthews, CEO, EQ Boardroom

said: “This award is for everyone who has worked and supported the ESP business, we have achieved so much together and it is wonderful to see this recognised by the industry.”

Congratulations to our team and all the other winners on the night!

We return to the Courthouse Hotel for our 2019 AGM Forum

This month we held Equiniti's annual AGM Discussion Forum at the Courthouse Hotel in Great Marlborough Street, Soho. The event sees the launch of our 2019 AGM Trends report, which looks over the voting behaviours at this year's AGMs.

Delegates heard from industry experts on hot topics including remuneration, the latest governance updates and a detailed look into proxy vote management.

A copy of the 2019 AGM Trends report is available [here](#)

Proud sponsors of the 2020 NED Awards

Equiniti are proud to sponsor the 2020 NED Awards for the second year. The Non-Executive Director Awards were established in 2006, by Peel Hunt, to recognise the achievements of Non-Executive Directors who contribute daily to the success and growth of businesses and Not-for-Profit organisations across the UK.

The awards were launched at The British Museum with The Sunday Times to mark the opening of nominations which will run until the 24th November.

Find out more about the NED Awards and to submit your nominations [here](#)