



EQ BOARDROOM
Bulletin

Welcome to our monthly bulletin of what’s happening within the financial services industry that will impact our EQ Boardroom clients

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Corporate governance reform and “The Companies (Miscellaneous Reporting) Regulations 2018”

The much anticipated corporate governance reform draft legislation has now been published by the Government. The review of corporate governance regulation to improve the governance of businesses in the wake of company failures and scandals was first launched by the Government in November 2016. In August 2017 the Government published its Corporate Governance Response Statement setting out its proposals for reform including for secondary legislation relating to remuneration and directors’ duties.

On 12 June 2018, the Government published draft legislation that will bring some of the Government’s planned reforms into effect – The Companies (Miscellaneous Reporting) Regulations 2018 (the Regulations). The Regulations apply to companies depending on their size as determined for accounting purposes.

The Regulations create the following requirements:

- Large companies will be required to include a statement as part of their strategic report describing how the directors have had regard to the matters in section 172 of the Companies Act 2006 - (the duty to promote the success of the company, having regard to a range of stakeholders).
- Companies with more than 250 UK employees will be required to include a statement as part of their directors’ report summarising how the directors have engaged with employees and how they have had regard to employee interests.
- Large companies will be required to include a statement as part of their directors’ report summarising how

the directors have had regard to the need to foster the company’s business relationships with suppliers, customers and others.

- Very large private and public unlisted companies will be required to include a statement as part of their directors’ report stating which corporate governance code, if any, has been applied and how, on a comply or explain basis. If the company has not applied any corporate governance code, the statement must explain why that is the case and what arrangements for corporate governance were applied.
- Quoted companies with more than 250 UK employees will be required to publish, as part of their directors’ remuneration report, the ratio of their CEO’s total remuneration to that of their UK employees and other related information.
- All quoted companies will be required to illustrate, in their directors’ remuneration policy report, the effect of future share price increases on executive pay outcomes and other related information.

The Department for Business, Energy & Industrial Strategy (BEIS) has published a Q&A on the draft Regulations to assist companies with implementation

The draft Regulations are available [here](#).

The BEIS Q&A document on the draft Regulations is available [here](#).



Corporate governance briefing paper

A briefing paper on the status of the Government's corporate governance reforms is published.

On 13 June 2018 a report on corporate governance reform was published which summarises the current position in relation to the UK's corporate governance framework including the changes to the UK Corporate Governance Code, draft legislation and pay ratio reporting.

The report is available [here](#).

Financial Reporting Council's consultation on principles of governance for large private companies

A consultation is launched on six principles of governance for large private companies. The Financial Reporting Council has published the consultation on behalf of James Wates who was tasked by the Government with establishing a governance regime for large private companies following its 2016 Green Paper and BEIS Select Committee report in April 2017.

The six Wates Corporate Governance Principles for Large Private Companies are:

- Purpose – An effective board promotes the purpose of a company, and ensures that its values, strategy and culture align with that purpose.
- Composition – Effective board composition requires an effective chair and a balance of skills, backgrounds, experience and knowledge, with individual directors having sufficient capacity to make a valuable contribution. The size of a board should be guided by the scale and complexity of the company.
- Responsibilities – A board should have a clear understanding of its accountability and terms of reference. Its policies and procedures should support effective decision-making and independent challenge.
- Opportunity and Risk – A board should promote the long-term success of the company by identifying

opportunities to create and preserve value and establish oversight for the identification and mitigation of risk.

- Remuneration – A board should promote executive remuneration structures aligned to sustainable long-term success of a company, taking into account pay and conditions elsewhere in the company.
- Stakeholders – A board has a responsibility to oversee meaningful engagement with material stakeholders, including the workforce, and have regard to that discussion when taking decisions. The board has a responsibility to foster good relationships based on the company's purpose.

Companies will be expected to adopt the principles on an 'apply or explain' basis.

The consultation closes on 7 September 2018.

The consultation document is available [here](#).



Review of the Financial Reporting Council

In April this year the government announced a major review of the Financial Reporting Council (FRC) with the stated aim of making “the FRC the best in class for corporate governance and transparency, while helping it fulfil its role of safeguarding the UK’s leading business environment”.

The Department for Business, Energy and Industrial Strategy (BEIS) has now launched its call for evidence. The independent review has two objectives:

- To ensure that the FRC’s structures, culture and processes; oversight, accountability, and powers; and its impact, resources and capacity are as good as they could be.
- To see the FRC standing as a beacon for the best in governance, transparency, and independence.

Views are sought under the headings of:

- FRC purpose and function
- Impact and effectiveness
- FRC and corporate failure
- Powers and sanctions
- The FRC’s legal status and its relationship with Government
- Governance and leadership
- Funding, resources and staffing.

Matters covered range from what the FRC’s objectives should be and its name, to lessons that can be learned from other countries, evidence that the FRC may be too close to the ‘big 4’ audit firms, action the FRC could or should take to reduce the risk of major corporate failures and review of the FRC’s powers. Responses to the review are requested by 6 August 2018.

The Independent Review of the Financial Reporting Council: Call For Evidence is available [here](#).

Review of the Bribery Act 2010

A Select Committee has been appointed by the House of Lords to review the operation of the Bribery Act 2010 (the Act). One of the purposes of the review is to raise awareness and understanding of the Act particularly amongst smaller businesses.

The Act applies for offences from 1 July 2011 and nearly all corrupt practices are prosecuted under the 2010 Bribery Act.

A call for evidence will be made in June and the Select Committee will report its findings in 2019.

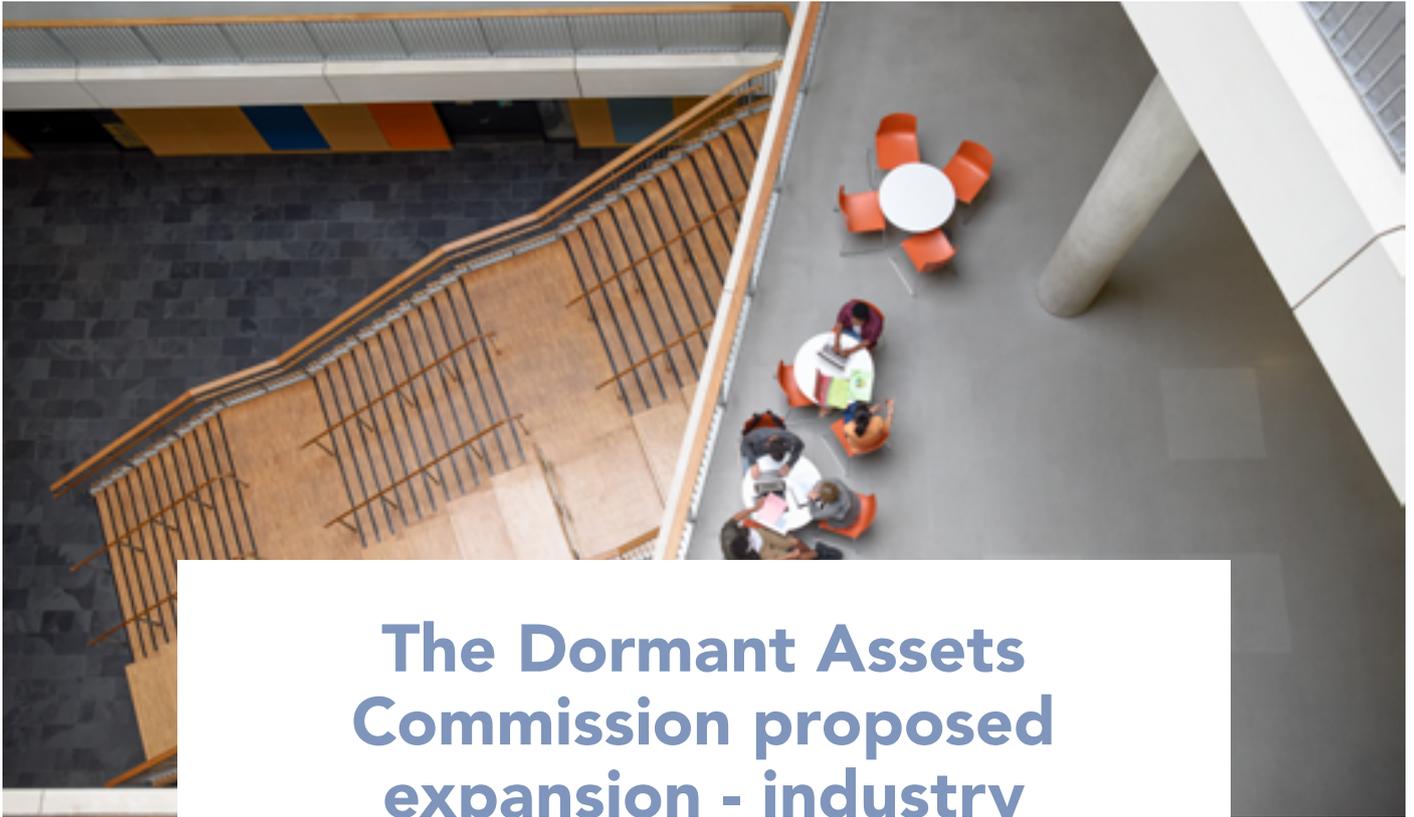
The press release announcing the appointment of the Select Committee is available [here](#).

The Financial Conduct Authority's request for views on delay in the disclosure of inside information under the Market Abuse Regulation

The Financial Conduct Authority (FCA) has published a short special addition of its Primary Market Bulletin (No. 19). The FCA is asking for views on a technical note on periodic financial information and inside information involving delay in the disclosure of inside information under the Market Abuse Regulation (MAR).

A new legitimate interest for delaying disclosure of inside information is proposed in instances where companies are preparing a financial report and immediate public disclosure of information in the report may hamper the orderly release of the report and portray an incorrect view of the information. At present most companies take the view that preparation of financial reports which are in line with market expectations do not constitute inside information although this is not clear under MAR so the new technical note will help to clarify matters. However, companies will have to assess the preparation of its financial reports on a case by case basis and cannot assume that they will not always contain inside information.

The consultation closes on 23 July 2018 and is available [here](#).



The Dormant Assets Commission proposed expansion - industry champions appointed

The Dormant Assets Commission has now appointed its industry champions tasked with exploring the expansion of the scheme, with Robert Welch, the company secretary of Tesco, representing the securities industry. Equiniti is working closely with Robert and his project team to identify the challenges and opportunities that exist within our industry.

This will include a review of monies paid to shareholders by corporate issuers in respect of dividends and other corporate events as well as securities that have previously been identified as 'gone away'. One of the key tasks will be to document the current process and to establish a recommendation for best practices with regards gone away/dormancy that might be adopted across industry.

The project team under Robert's guidance will be submitting a recommendation to the Government by the end of 2018.



HM Revenue and Customs' guidance on failing to prevent criminal facilitation of tax evasion

HM Revenue and Customs has updated its guidance for companies on failing to prevent criminal facilitation of tax evasion.

The Criminal Finances Act 2017 introduced two offences applying to the facilitation of UK and foreign tax evasion which took effect from September 2017. A company may commit an offence when a person providing a service for the company criminally facilitates tax evasion and the company did not have procedures in place to prevent it.

The HMRC guidance sets out how companies may avoid committing an offence and now also includes information about how a company or partnership may report itself for these offences.

The updated guidance is available [here](#).

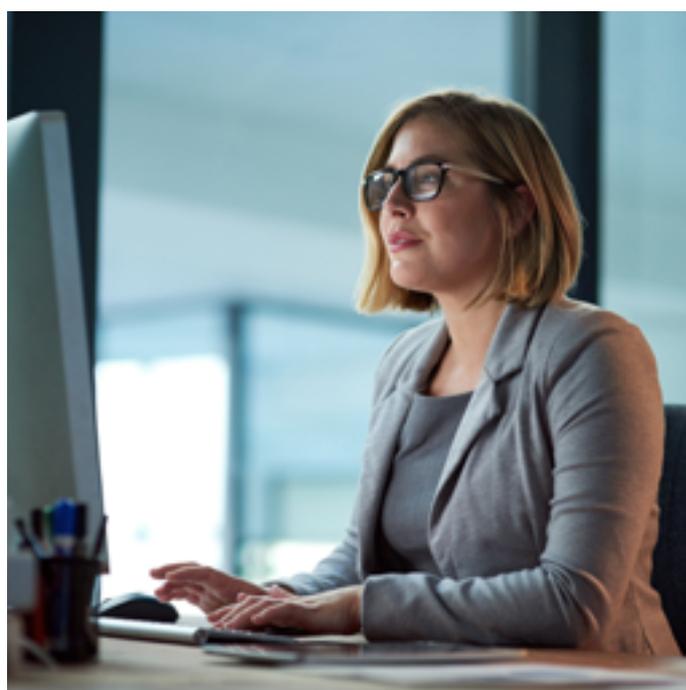
Enterprise Management Incentive (EMI) Share Schemes and HMRC bulletins

HMRC's [May bulletin](#) provides an update about EMI schemes. On 15 May 2018, the [European Commission announced](#) its decision not to raise objections to the prolongation of the Enterprise Management Incentives scheme on the grounds that it is compatible with the internal market of the EU. More information is available on the [Commission's competition website](#), under the reference SA.47789.

HMRC confirms that this decision means that the Enterprise Management Incentives scheme continues to operate in the same way as described in HMRC's [current guidance and practice](#), for employment related securities options validly granted and exercised as Enterprise Management Incentives share options. No changes have been made to the scheme.

HMRC's [June bulletin](#) has recently been issued with updates on:

- Employment related securities annual returns
- Save As You Earn extended pause
- EMI – working time declarations
- Most common employment related securities issues and top things to remember.



Equiniti builds Death Notification Service for financial services industry

Equiniti partners with UK Finance and financial institutions to create a Death Notification Service, aiming to ease the burden on bereaved families.

Equiniti is pleased to announce that a new service enabling people to report the death of an individual to several major Financial Services Institutions at the same time.

The free, online **Death Notification Service** is available to anyone who wishes to notify, in a single step, one or more member organisations that a customer has died.

The gateway service aims to make the process easier for those who have suffered a bereavement by relieving the stress and burden around repeated notifications and enabling them to manage these at a time that is convenient. Once the online form is completed the selected financial institutions will then contact the notifier to inform them of the next steps. The online service is supported by a team of specialist Customer Service Centre agents who are trained to support the recently bereaved.

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Guy Wakeley, CEO of Equiniti, commented

We are delighted that the Death Notification Service has now launched and believe it will fundamentally change – for the better – the manner in which bereavements are dealt among financial services institutions. The industry is right to look at ways to increase the levels of support for those dealing with difficult circumstances, and the simplicity that this service provides addresses this issue head on. I am very proud of my team for assisting UK Finance and these six banks in pioneering this service. We have worked incredibly hard to create the best possible proposition and we will continue to identify ways in which the service can be streamlined for financial services and rolled out into other sectors.”

For more information on Equiniti’s bereavement service Benefactor, click [here](#) or contact Michael.Kennelly@equiniti.com

IR Society's annual conference – Future Proofing Business

As Silver sponsor of the IR Society, Equiniti attended the 2018 annual conference which took place in London on 19 June.

The 2018 conference theme built on strategic IR and the importance of driving long-term business thinking. How can best practice IR influence a company's thinking, culture, values and behaviour by bringing the outside view in or helping to address fundamental trends driving investor thinking? Guest speakers included Sir Michael Rake, Chairman of Worldpay Group and Douglas Flint, former group Chairman of HSBC who were joined by a number of IR professionals as well as views from the buy and sell side. This year's conference addressed trends in IR, looking at the growth of ESG, market disruption, changes in regulation, market structure and technology.

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With more than 400 delegates attending it was great to be part of the IR Society's 32nd annual conference, meeting clients and peers and hearing the thoughts of some wonderful speakers and panellists. This year's discussion topics and break-out sessions were alive to what IRO's are currently facing. It was also very encouraging to see so many new faces embarking on their IR career.”

ROBERT HEMMING, HEAD OF INVESTOR ANALYTICS



EQuivalence Forum

Our most recent quarterly EQuivalence Forum, which is designed for our small to mid cap clients in EQ Boardroom to gain knowledge and share their experiences, was held in June in London.

13 of our clients attended and heard about corporate governance issues and company secretary updates that affect their day to day role, Simon Maynard of Prism Cossec chaired the session.

Life post GDPR live day was discussed along with how Equiniti are managing this through EQ Synergy presented by Steve Banfield, Industry Director and Alex Cook, Business Development Director, Top Level.

This was another very successful Forum with some great client feedback. Two further Forums are planned for later this year for clients outside the Main Market FTSE350 or in AIM.

If you'd like to attend a Forum, please contact your Relationship Manager.

ESOP Centre conference, Paris

On 21 and 22 June the ESOP Centre held its second newspad summit in Paris with attendees from the employee equity world.

The event brought together a wide range of experts, accountants, consultants, lawyers, share plan administrators, trustees and HR and compensation specialists from companies, giving updated reports about what's happening in the employee equity world.

Equiniti's Graham Avinou, Employee Services Relationship Manager and Jennifer Rudman Strategic Development Manager, Employee Plans, joined Angelina Lederle, Reward Group Schemes and Benefits Specialist at Airbus to present an all-employee share plans case study highlighting the success of Airbus's global share plans.

[A link to the slides can be found here.](#)



Equiniti named Main Market Company of the Year

Equiniti are thrilled to be named 'Main Market Company of the Year' at the 2018 UK Stock Market Awards last week in London. This highly competitive category shortlist was compiled by senior figures from the world of corporate finance, law, financial services, accounting, public relations and media, with final voting being decided by the general public.

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Guy Wakeley, CEO of Equiniti, commented

It's terrific that the hard work and dedication of the Equiniti team has been recognised with this important award, testament to all we have achieved during the three years as a public company.”

We were in good company on the night with four Equiniti clients also taking home prestigious awards.

Huge congratulations to:

- Ramsden Holdings for winning 'Best Retail plc'
- GoCompare.com Group for winning 'Best Telecommunications/Media'
- Games Workshop Group for winning 'Best Performing Share'
- Alpha FX Group for winning 'IPO of the Year'



Bon Voyage to Francis O'Mahony

We can't let this Bulletin go out without marking the departure of Francis O'Mahony from BT to the next phase of his life journey. He has been a massive influence on the industry over the years in a way that has gone beyond his role at BT and provided positive challenge, support and encouragement to those lucky enough to have worked with him. His knowledge, passion and enthusiasm for equity and the share plan arena made him many friends across the professional world both at Equiniti and in the wider plan community. We wish him all the very best for the future, spending more time with his family and beloved house, vineyard and vintage Citroen in France.

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Thank you Francis
and bon voyage!”