

# EQ BOARDROOM

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## Bulletin



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



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CEO, EQ BOARDROOM

Whilst Parliament scrutinises the 110 page Brexit Bill, here's some lighter reading for you all.

Last month saw our annual Share Registration Conference and it was great to see so many of our clients at the event. We covered many topics from shareholder activism to how artificial intelligence can be used to decode institutional investor behaviour and much more.

In this month's bulletin, we look at the Investment Association's guidance on executive directors' pension arrangements, ISS' proposed 2020 voting policies and more.

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:

- Investment Association shows determination to bring executive directors' pensions in line
- Guidance for companies on payment practices reporting
- Audit Committees and FDs' Brexit reminders
- The Financial Conduct Authority's latest Primary Market Bulletin
- A tough new International Standard on Auditing on Going Concern is introduced by the FRC
- Institutional Shareholder Services (ISS) consults on its 2020 voting policies
- Financial Reporting Lab's Q3 2019 newsletter
- Employment Related Securities Bulletin

### NEWS FROM ACROSS EQUINITI:

- Share Registration Conference Synopsis
- Prism Cossec shortlisted for an ICSA Award
- Boudicca sponsors the NED awards - nominations now open

### 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 [eqevents@equiniti.com](mailto:eqevents@equiniti.com)

## Investment Association shows determination to bring executive directors' pensions in line

The Investment Association (IA) has published new guidelines on executive directors' pension arrangements and how its voting body, the Institutional Voting Information Service (IVIS), will act if companies choose not to comply with these guidelines.

The guidelines build on the IA's stance on pension contribution rates since the introduction of the 2018 UK Corporate Governance Code which expects rates for executive directors, or payments in lieu, to be aligned with those available to the workforce. Key highlights of the guidelines are:

- Companies should disclose in their remuneration report the pension contribution rate of the majority of the workforce and how this rate has been derived. IVIS will highlight those companies that do not publish this rate. IVIS will also highlight those companies who have increased the pension contributions provided to all employees.
- IVIS will red-top any new remuneration policy that does not state that a new executive director will have a contribution rate set in line with the majority of the workforce.
- IVIS will red-top the remuneration report if a new executive director or a director changing role does not receive a pension contribution in line with the majority of the workforce.
- For companies with year ends starting on or after 31 December 2019:
  - IVIS will amber-top a remuneration report where a director is paid a contribution of 25% or more.
  - Remuneration Committees should set out an action plan to reduce contribution rates of incumbent directors to the level of the majority of the workforce by the end of 2022. IVIS will red top the remuneration report if a disclosure has not been made and the current contribution rate is 25% or more.
- IVIS will amber-top a remuneration report where a company which still has a defined benefit pension scheme doesn't confirm that the scheme is open to other employees on the same terms as executive directors.
- IVIS will amber-top a remuneration report where companies pay a cash supplement in lieu of further accruals in a defined benefit scheme to executive directors and do not state that other employees receive similar cash supplements.

The IA's statement on executive pension provisions is available [here](#)

## Guidance for companies on payment practices reporting

The Department for Business, Energy and Industrial Strategy (BEIS) has published updated guidance for companies who must comply with the reporting duty for payment practices and performance.

The guidance was last updated in October 2017. Amendments include:

- More information on how to use the Government reporting website and what to do in the event of publishing an incorrect report.
- Changes to the FAQs including some new questions on late and incorrect reports.

The BEIS guidance is available [here](#)

## Audit Committees and FDs' Brexit reminders

The Financial Reporting Council (FRC) has written to audit committee chairs and finance directors setting out some actions companies should consider in relation to the UK's exit from the EU.

These include:

- Asking employees to check if they need to apply to the EU Settlement Scheme.
- Checking whether the company may face additional legal, regulatory and/or administrative barriers as a result of the UK becoming a 'third country' in the event of a 'no deal' EU exit.
- Ensuring suppliers and customers are prepared.
- Attending local chambers of commerce or Brexit Business Readiness events.

In addition the letter reminds companies of what to consider when reporting on risks associated with Brexit. Companies are encouraged to distinguish between specific challenges to their business model as opposed to general economic uncertainty. Management should describe actions being taken to manage the impact of risks identified. Companies should also consider performing sensitivity analysis on cash flow projections and scenario testing and where significant issues are identified companies are expected to review the impact on viability and going concern statements.

The FRC's letter is available [here](#)



## The Financial Conduct Authority's latest Primary Market Bulletin

The Financial Conduct Authority (FCA) has published its latest edition of Primary Market Bulletin No. 24.

The Bulletin contains:

- An update on various Brexit related issues in the event of a no-deal. The FCA's website contains Brexit information for companies.
- An update on the introduction of a European Single Electronic Format (ESEF) introduced by a Regulatory Technical Standard of the European Commission. These new requirements will make it mandatory for traded companies to produce annual financial reports in the ESEF format for filing at the National Storage Mechanism for financial years beginning on or after 1 January 2020. The Bulletin highlights that the European Securities and Markets Authority has published guidance on its website to help prepare for ESEF.
- Consultation feedbacks and changes to Technical Notes.

Primary Market Bulletin No. 24 is available [here](#)

## A tough new International Standard on Auditing on Going Concern is introduced by the FRC

The Financial Reporting Council (FRC) has published a revised International Standard on Auditing (ISA) on going concern

This is in response to recent enforcement cases and corporate failures where the auditor's report had failed to identify concerns on the company's ability to continue trading. The revised standard will require auditors to be more vigorous when assessing whether an entity is a going concern through evaluation of supporting evidence and robust challenge of management.

For listed and large private companies, auditors will have to produce a clear, positive statement on whether management's assessment of going concern is appropriate and consider all of the evidence obtained, whether corroborative or contradictory when making their conclusions.

The new ISA is available [here](#)

## Financial Reporting Lab's Q3 2019 newsletter

The Financial Reporting Lab has released its latest newsletter. The letter gives updates on the work of the Lab including disclosures on the sources and uses of cash, work on climate and workforce reporting and a digital annual report trial run.

The Lab's newsletter is available [here](#):

## Institutional Shareholder Services (ISS) consults on its 2020 voting policies

Institutional Shareholder Services (ISS) issued a consultation document in October to governance stakeholders globally to seek their comments on its proposed 2020 voting policies. In respect of the UK it is proposing:

- **Gender diversity:** A vote against the chair of the nomination committee (or other directors on a case-by-case basis) when there are no female directors. Mitigating factors include: The presence of a female director on the board at the preceding annual meeting and a firm commitment, publicly available, to appoint at least one woman director to the board within a year; or other relevant factors as applicable.
- **Remuneration and ESG factors:** The remuneration committee should disclose how it has taken into account any relevant environmental, social, and governance (ESG) matters when determining remuneration outcomes. Such factors may include: workplace fatalities and injuries, significant environmental incidents, or sanctions from regulatory bodies.

The consultation closed on 18 October and ISS expects to announce its final 2020 benchmark policy changes during the first half of November.

The consultation document is available [here](#)

## Employment Related Securities Bulletin

HMRC's most recent Employment Related Securities Bulletin (ERS Bulletin 33 - October 2019) was issued in October with updates on:

- Net settlement and annual reporting requirements
- Notifying HMRC of errors in EMI options
- Replacement EMI options and working time requirement
- Guidance updates
- Reminder of the Save As You Earn (SAYE) extended pause
- Most common ERS issues and top things to remember
- Ceasing a scheme registered in error or that is no longer required
- HMRC's new contact address for share schemes enquiries
- Changes to HMRC email addresses
- Contacting HMRC for advice.

Employment related securities bulletins give information and updates on developments relating to ERS, including tax-advantaged employee share schemes. ERS bulletins are published when articles or updates are available and when HMRC have items to bring to our attention quickly. You can subscribe to 'Business tax: Employment related securities' email alerts on GOV.UK by following [this link](#) and selecting 'Subscribe to email alerts'.

The Employment Related Securities Bulletin is available [here](#)

# News from across Equiniti

## Share Registration Conference Synopsis

Over 100 clients joined us for our annual Share Registration Conference at 8 Northumberland Avenue with its beautiful Victorian interior. Our event was chaired once again by Steph McGovern and we heard guest speakers from Barclays Corporate Broking, Glass Lewis, London Stock Exchange, Tesco, Reclaim Fund, Department for Digital, Culture, Media and Sport and Irithmics. During the afternoon, we covered a range of topics including the challenges we face as corporate governance becomes more complex, cyber security threats, possible expansion of the Dormant Assets Scheme, capital markets update and how artificial intelligence can be used to decode institutional investor behaviours.

“ Paul Matthews, CEO of EQ Boardroom said: ‘The conference was once again focused upon our Company Secretary clients and prospects, covering a broad range of relevant, interesting and value adding topics relating to what is going on in the corporate world today’

A full summary of the day's events can be found [here](#)

## Prism Cosec shortlisted for an ICSA Award

It's great to see so many of our clients having been shortlisted for various ICSA awards which take place on 27 November in London and we are particularly thrilled that our own Prism Cosec are one of the finalists in the Service Provider of the Year category.

The Institutes' annual awards celebrate excellence in governance and annual reporting by recognising the work and achievements of companies, teams and individuals from across the governance profession.

“ Kerin Williams, Managing Director of Prism Cosec said: “In a year of further regulatory change, Prism Cosec has continued to provide a superior standard of advice and support to all its clients. This has included providing full company secretarial and governance support for new Main Market and AIM IPO clients and continuing to support, mentor and advise longer-term clients through changes in regulations.”

Prism Cosec won the Service Provider of the Year Award in 2017 and we wish the Prism Cosec team and all shortlisted clients the best of luck on 27 November!

## Boudicca sponsors the NED awards - nominations now open

Do you know a Chair, SID or NED that deserves to be recognised at the 14th Non-Executive Director Awards? The Non-Executive Director Awards were established in 2006, by Peel Hunt, to recognise the achievements of Non-Executive Directors who contribute to the success and growth of businesses and Not-for-Profit organisations across the UK.

If you do, then please nominate them now [here](#)  
Nominations close on  
24 November 2019.