



ashurst

UK Quoted Company Newsletter Q3 2020

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FINANCIAL SUPPORT FOR BUSINESS

Since our Q2 2020 newsletter, a few new packages of support for businesses have been introduced and some schemes are coming to an end. As noted in previous newsletters, the Government has a [website](#) listing Government financial support for businesses and linking through to more detailed provisions for each type of support. Some key new business support schemes introduced in the last quarter are highlighted in the table below.

FINANCIAL SUPPORT FOR BUSINESS: SOME KEY NEW SCHEMES	
Job Support Scheme 1 November 2020 for 6 months	<p>Launched in September 2020, the Job Support Scheme is designed to protect viable jobs in businesses which are facing lower demand over the winter months due to COVID-19, to help keep their employees attached to the workforce. It replaces the Job Retention Scheme that ends at the end of October. A company will continue to pay its employee for time worked, but the cost of hours not worked will be split between the employer, the Government (through wage support) and the employee (through a wage reduction), and the employee will keep their job.</p> <p>Some key points include that although all small and medium-sized businesses are eligible to participate in the Job Support Scheme, for larger businesses to be eligible they must be able to demonstrate that their business has been adversely affected by COVID-19 and the Government expects large businesses using the scheme not to make capital distributions, such as dividends. For more detail, see the link above.</p>
Kickstart Scheme	<p>Also launched in September 2020, the Kickstart Scheme provides funding to all employers to create six month job placements for 16 to 24 year olds who are currently on Universal Credit and at risk of long-term unemployment. Funding is available for: 100 per cent of the relevant National Minimum Wage for 25 hours a week; associated employer National Insurance contributions; and employer minimum automatic enrolment contributions. There is also £1500 per job placement available for setup costs, support and training. Applications must be for a minimum of 30 job placements, but applicants can join with others to reach the minimum number. For more detail, see the link above.</p>

PRE-EMPTION GROUP EXTENDS ADDITIONAL FLEXIBILITY FOR EQUITY PLACINGS

In September 2020, the Pre-Emption Group (PEG) [announced](#) that it was extending to 30 November 2020 its recommendation that investors consider supporting, on a case-by-case basis, equity placings of up to 20 per cent of an issuer's issued share capital over a 12 month period. The recommendation was introduced on a temporary basis in April 2020 in response to the business implications of COVID-19 (see our [Q1 2020 newsletter](#)) and was due to expire on 30 September 2020. The PEG explains that the extension has been made in light of the continued uncertainty of COVID-19 and the developing pipeline of equity offerings for Q3.

The PEG stresses that the additional flexibility should only be used if a company is experiencing extreme circumstances and the issuance is required to fund an immediate concern. It also reiterates that the conditions attaching to the original recommendation continue to apply, such as that the particular circumstances of the company should be fully explained, including how the company is supporting its stakeholders, and company management should be involved in the allocation process.

In view of the success of the additional flexibility in helping companies to raise funds quickly and efficiently, the PEG intends to gather views on market mechanisms for capital raisings with the aim of making the market more effective and competitive in the future.

EXTENSION OF DEADLINE FOR GENERAL MEETING FLEXIBILITIES

As mentioned in our [Q2 2020 newsletter](#), the Corporate Insolvency and Governance Act 2020 (CIGA) introduced temporary relaxations making it easier for companies (and other qualifying bodies) to hold general (and certain other) meetings in accordance with the Government's social distancing legislation and guidelines. The initial period for these relaxations was until 30 September 2020.

In September 2020, [The Corporate Insolvency and Governance Act 2020 \(Coronavirus\) \(Extension of the Relevant Period\) Regulations 2020](#) were published. They came into force on 29 September 2020 and extend the deadline for the meeting relaxations set out in Schedule 14 of CIGA from 30 September 2020 to 30 December 2020. See the [BEIS announcement](#).

In terms of the temporary insolvency-related relaxations, three of the four temporary reliefs have been extended (for differing periods) and so will continue: namely (i) the exclusion for small suppliers from the scope of the ban on termination clauses in supply contracts on the happening of certain insolvency events; (ii) modifications to the operation of the new Moratorium procedure; and (iii) restrictions on the ability to issue winding-up petitions and statutory demands. However, the temporary suspension of liability for wrongful trading is not being extended and so expired on 30 September. For detail, see the briefing on the insolvency-related extensions in the Ashurst Publications part of this newsletter.

ICSA GUIDANCE ON SHAREHOLDER MEETINGS FOLLOWING CIGA

In July 2020, ICSA The Governance Institute (ICSA) published a second supplement to its previous guidance on AGMs (see our [Q1 2020 newsletter](#) for more on the previous versions). This latest guidance is entitled - [Shareholder Meetings under CIGA](#). It is intended to help companies understand the provisions of CIGA.

As well as confirming what the relaxations of CIGA mean, the ICSA guidance for example, (by implication) confirms that it is legally acceptable for companies to hold closed meetings using the power to do so under CIGA, even though "lockdown" legal restrictions on

holding meetings have been removed. However, it notes that as a matter of good governance, companies should ensure that they have engaged appropriately with members (for instance, where feasible, by holding an online shareholder Q&A, or an additional shareholder event once appropriate to do so). See below for more on best practice guidance for AGMs.

The ICSA guidance also notes that although open company meetings may be held if they follow Government guidance and appropriate risk mitigation at the venue, given the uncertain nature of the current situation and the possibility of local lockdowns or the tightening of national restrictions at some point in the future, the planning and holding of an open meeting may not, nevertheless, be practical.

FRC REPORT: AGMS - AN OPPORTUNITY FOR CHANGE

In October 2020, the Financial Reporting Council (FRC) issued a [review](#) which, taking account of 2020 AGM practice in the face of COVID-19, aims to open up a further debate on how future AGMs can be conducted to ensure that the maximum number of shareholders can engage if they choose to do so, and to encourage companies to consider a mixture of approaches in line with their size and shareholder base. Several suggestions, for example on new technology, will require action well ahead of normal AGM preparation time.

The FRC proposes a Stakeholder Group which includes the Government, companies and investors and their representatives to consider if there is a need for legislative change and propose alternative means to achieve some of the desired flexibilities whilst maintaining the integrity and objective of the AGM.

As well as discussing various issues, the review contains - Best Practice Guidance for AGMs - Learning Lessons from the 2020 AGM Season. The FRC states that it has assumed that most companies will wish to increase shareholders' ability to engage virtually either before or during an AGM or both, although recognising that a company's ability to act on the guidance will depend to some extent on the make-up of its shareholder base.

A few key points from the review are highlighted below.

- **Prepare now.** The FRC urges companies to consider what changes they might want for next year's AGM. If companies wish to use more technology, they should talk to experts and providers and consider whether their articles of association need updating.
- **Prior to the meeting.** The guidance mentions such matters as – dedicated areas of the website for AGM updates; additional information in the AGM notice on how to submit questions; and webcasts for an enhanced shareholder experience (over audio-only calls).
- **Questions at the AGM.** Questions should be facilitated in real-time, both for those shareholders who attend in person and those who choose to attend remotely, whichever option is available. Enough time should be allowed for submission of questions and unreasonable limitations on length of questions should be avoided. Advice is given on companies grouping questions, about which there are some concerns. Companies should upload Q&A transcripts of all

submitted questions onto the company website following the conclusion of the AGM.

- **Voting by proxy.** Best efforts should be made to ensure that those who wish to vote after board presentations and Q&A are able to do so.
- **Webcasts.** A variety of guidance is given including on limiting the need to download specific software, sufficiency and clarity of information that shareholders will need and security risks if no specific login details are required.

CHANGES ON THE HORIZON FOR MODERN SLAVERY STATEMENTS

In September 2020, the Government [published](#) its [response](#) to its consultation on transparency in supply chains. The consultation had sought views on proposed measures to strengthen reporting under section 54 of the Modern Slavery Act 2015. The Government now proposes a number of changes, many of which will need Parliamentary time, so it remains to be seen how quickly they will be enacted. Updated guidance will be introduced earlier to help organisations prepare. See our Update at the end of this newsletter for more.

MODERN SLAVERY REPORTING: GOVERNMENT RESPONSE

Content of modern slavery statements to become mandatory	The current six suggested areas of disclosure for modern slavery statements will become mandatory. By way of reminder, these concern: structure, business and supply chains; policies; due diligence processes; parts of the business and supply chains where there is most risk and steps taken to assess and manage those risks; effectiveness of steps taken; and training. Statements will also be required to state the date of board (or equivalent) approval and director (or equivalent) sign off and, for group statements, the entities covered.
New central online filing registry	The Government will set up a central, online filing registry and any organisation falling within scope to file a modern slavery statement (scope is unchanged other than in relation to public bodies - see below) will have to file its statement on the new register.
Single reporting and filing period	The period to be covered by each annual modern slavery statement will be changed to a single reporting period of 1 April - 31 March (no longer financial year) with a single filing period of until 30 September, ie six months after the end of the reporting period.
No change on enforcement yet	Enforcement options will be considered and an update issued in due course.
Large public bodies to be in scope	Section 54 will be extended to any public body with a budget of over £36 million and guidance will be issued to assist them to determine if they are in scope.

FCA PROPOSALS TO ENHANCE CLIMATE RELATED FINANCIAL REPORTING

As we mentioned in our [Q1 2020 newsletter](#), the Financial Conduct Authority (FCA) issued [consultation paper 20/3](#) on its proposed new rule to require certain companies to make climate-related disclosures. The consultation closed on 1 October 2020. We will issue a client briefing when the response is issued and the final form of the rule is settled, but we note some key initial points below.



We consider that climate-related risks and opportunities are relevant to all companies, and likely to be material for most. In this Consultation Paper, we are therefore proposing measures to increase transparency.

FCA, PARAGRAPH 1.3, CP 20/3

Who? The proposed new rule is for premium listed commercial companies (ie not investment companies).

When? It is proposed for accounting periods beginning on or after 1 January 2021. This means that preparations for reporting should take place in 2021 and the first reports that would have to be issued in compliance would be published in 2022.

What? The key elements of the proposed new rule would require a relevant company to state:

- whether it has included in its annual financial report climate-related financial disclosures consistent with the four recommendations and 11 recommended disclosures in section C of the final report of the Taskforce for Climate-Related Financial Disclosures (TCFD) (see table overleaf for more);
- if it has not made such disclosures, which of the four recommendations and/or 11 recommended disclosures for which it has not disclosed and its reasons; and
- where in its annual financial report the disclosures are situated.

Where? The new rule notes that some or all of the disclosures themselves can feature in a document other than the annual financial report. If this option is taken, the company must state which disclosures feature where and the reason for including the disclosures there as opposed to the annual financial report.

Why comply or explain? The new rule is comply or explain. The FCA is not proposing to make disclosure mandatory "at this point", recognising that companies' capabilities in this area are developing and some may not yet have the data and capabilities they need to model and report scenarios as recommended by TCFD.

What is the [TCFD final report](#)? The TCFD was set up by the G20-endorsed Financial Stability Board in 2015 to develop voluntary disclosure recommendations for companies to use when disclosing their climate-related financial risks to investors, lenders and others. UK [supporters of the TCFD](#) include the Government, the Bank of England, many banks, insurance companies, pension funds and other investors, as well as individual companies. The TCFD final report, issued in 2017, aims to help businesses disclose climate-related financial information in a "clear, comparable and consistent" way. It is comprised of four over-arching recommendations in the areas of: governance; strategy; risk management; and metrics and targets together with 11 recommended disclosures and supporting guidance. See the table overleaf for more.



Adoption of these recommendations will also help companies better demonstrate responsibility and foresight in their consideration of climate issues.

TCFD FINAL REPORT, LETTER FROM TCFD CHAIRMAN, MICHAEL R BLOOMBERG

TCFD: FOUR RECOMMENDATIONS AND 11 RECOMMENDED DISCLOSURES

Recommendations			
Governance	Strategy	Risk Management	Metrics and Targets
Disclose the organisation's governance around climate-related risks and opportunities (CRO).	Disclose the actual and potential impacts of CRO on the organisation's businesses, strategy, and financial planning where such information is material.	Disclose how the organisation identifies, assesses, and manages climate-related risks.	Disclose the metrics and targets used to assess and manage relevant CRO where such information is material.
Recommended Disclosures			
a. Describe the board's oversight of CRO.	a. Describe the CRO the organisation has identified over the short, medium and long term.	a. Describe the organisation's processes for identifying and assessing climate-related risks.	a. Disclose the metrics used by the organisation to assess CRO in line with its strategy and risk management process.
b. Describe management's role in assessing and managing CRO.	b. Describe the impact of CRO on the organisation's businesses, strategy, and financial planning.	b. Describe the organisation's processes for managing climate-related risks.	b. Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks.
	c. Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	c. Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organisation's overall risk management.	c. Describe the targets used by the organisation to manage CRO and performance against targets.

Guidance. The TCFD final report contains a variety of guidance for companies, namely: guidance for all sectors; supplemental guidance for financial sector groups; and supplemental guidance for certain non-financial groups potentially most effected by climate change. The guidance seeks to assist preparers by giving context and descriptions of the type of information that should be disclosed or considered, noting information that should be provided and other information that companies should give consideration to providing.

Challenges. Whilst two of the four recommendations are not subject to a

materiality test, namely describing the board's oversight of CRO and describing management's role in identifying, assessing and managing CRO, the other two are subject to a materiality test. This recognises that elements of the recommended disclosures may prove to be more challenging for companies embarking on their TCFD disclosure journey. For example, describing the resilience of the company's strategy in different climate-related scenarios and setting up systems for collecting the data to show emissions and progress with targets that have been set are likely to prove challenging.

CAPITAL MARKETS RECOVERY PACKAGE:

In July 2020, the European Commission adopted its Capital Markets Recovery Package, which includes targeted amendments to the Prospectus Regulation. One of the main

proposals under the Capital Markets Recovery Package is the introduction of a short-form "EU recovery prospectus" which is intended to facilitate the raising of funds by listed issuers during the COVID-19 pandemic.

CAPITAL MARKETS RECOVERY PACKAGE: <i>EU RECOVERY PROSPECTUS</i>	
Scope	The new regime is available to issuers of ordinary shares whose shares have already been admitted to trading on a regulated market or (provided a prospectus has already been issued) an SME growth market (for example, AIM) for a continuous period of at least 18 months, as per the existing simplified disclosure regime for secondary issuances.
Content requirements	The EU recovery prospectus focuses on essential information that investors need to make an informed investment decision. The minimum content requirements are set out in a new Annex Va.
Length and incorporation by reference	The prospectus must be a single document with a maximum length of 30 pages and the summary must be limited to two pages (as opposed to seven pages under the existing simplified disclosure regime). Incorporation by reference of information already available in the market is permitted and is not taken into account for the purpose of the 30 page restriction.
Approval process	The regime benefits from a five working day fast-track approval process.
Application	It is a temporary regime expiring 18 months after the date of application of the amending legislation and will apply in addition to the existing simplified disclosure regime. The amending legislation is not yet in force.

CORPORATE TRANSPARENCY AND REGISTER REFORM

The Government has signalled its intention of introducing significant reforms aimed at increasing the transparency of UK corporate entities and enhancing the role of Companies House in a document published by BEIS in September 2020 ([Corporate Transparency and Register Reform](#)) and accompanied by a press release ([Reforms to Companies House to clamp down on fraud and give businesses greater confidence in transactions](#)).

The proposed reforms, several of which will require further consultation, fall into four separate categories as set out in Parts A to D in the table overleaf. The Government has stated that its proposals in relation to UK registered companies should also be understood as proposals in relation to UK registered LLPs, limited partnerships and other bodies subject

to the transparency provisions of the Companies Act 2006 (modified as appropriate).

As such significant reform is envisaged, the Government intends publishing a detailed set of proposals setting out precisely how it believes the reform should be implemented. Subject to the responses received, the Government intends to proceed to legislate where necessary and when Parliamentary time allows.

In September 2020 and following the Government's announcement, Companies House published its strategy for the next five years ([Companies House strategy 2020 to 2025](#)) and its business plan for the next year ([Companies House business plan 2020 to 2021](#)), which reiterate its role in the fight against economic crime, and driving confidence in the UK economy through organisational transformation and digital services enhancement.

Part A: Knowing who is setting up, managing and controlling corporate entities

- **Identity verification.** The Government is seeking to introduce identity verification into the incorporation and filing processes run by Companies House. Only persons or bodies with verified Companies House accounts will be able to form companies or other corporate entities and file documents on their behalf. Agents filing on behalf of companies (or other corporate entities) will need to be registered at Companies House and be able to show that they are properly supervised and covered by UK anti-money laundering regulations. The identities of all company directors and people with significant control (PSC) will need to be verified (as will the identities of those managing other corporate structures).

Part B: Improving the accuracy and usability of data on the companies register

- **Powers over information filed on the register.** The Government is seeking to give the registrar of companies a new power to query and check information submitted to it before it is placed on the register, as well as extending the existing power to amend information already on the register.
- **Company accounts.** The Government intends facilitating the digital tagging and submission of accounts, as well as tightening regulation regarding amendments to accounting reference periods to reduce the potential for abuse (for example, by permitting companies to shorten their accounting reference period only once in five years).
- **Dissolved companies.** The Government intends making all dissolved company records since 2010 freely available early in 2021. The intention is for older dissolved records up to 20 years to also be freely available but that will not take place until legislation is introduced to enable a process for individuals to request that personal information is protected where appropriate.

Part C: Protecting personal information

- **Protecting and suppressing information.** It is intended that directors will no longer be required to list their occupation on the register and a process will be set up for individuals whose profession is currently shown on the public register to suppress that information. A process will also be introduced to enable individuals to have signatures, the day of date of birth and residential addresses (where used as company registered office addresses) suppressed from the register.

Part D: Ensuring compliance, sharing intelligence and deterring abuse

- **Deterring abuse of corporate entities.** The Government intends putting in place 'legislative gateways' to permit the cross-referencing of Companies House data against other data sets. Companies House will work with other agencies to create the systems required to achieve this. To enable better information sharing, the Government will introduce an obligation on bodies that fall under the remit of the [Money Laundering and Terrorist Financing \(Amendment\) Regulations 2019](#) to report to the registrar discrepancies between the information held on the public register and the information that they hold.
- **Company names.** The Government is intending to consult on proposals to give Companies House the power to query, and possibly reject, company names before they are registered, as well as strengthening existing powers to remove a company name once it has been registered.
- **Certification of information on the register.** Companies House will undertake a review of policies and processes related to the certification of register information, which will examine the purpose of certificates and look at what can be certified and how it is certified.

PRIMARY MARKET BULLETIN 30

In August 2020, the FCA published [Primary Market Bulletin 30](#) in which the following topics were covered, among others:

New draft technical note on when a prospectus is required where securities are issued pursuant to schemes of arrangement. The FCA is consulting on a new draft technical note on when a prospectus is required where securities are issued pursuant to schemes of arrangement under Part 26 of the Companies Act 2006.

Although the area has been the subject of some debate, the FCA expresses the view that an issuer may reasonably conclude that a prospectus should be produced (absent an exemption) where a scheme includes mix and match facilities offering a choice between shares and cash, on the basis that an investor is deciding to buy or subscribe for the securities in question.

The consultation closed on 30 September 2020.

FCA MARKET WATCH 65

In September 2020, the FCA published [Market Watch 65](#) covering: (i) the handling of FCA information requirements; (ii) legally privileged documents; and (iii) transaction reporting.

FCA MARKET WATCH 65	
Confidentiality of FCA information requirements	The FCA highlights the inappropriate handling of FCA information requirements sent to authorised firms and issuers under the Financial Services and Markets Act 2000, which can hinder its reviews of, and investigations into, suspected market abuse. The FCA stresses that such information requests are strictly confidential and should not be discussed with staff outside compliance without the FCA's prior agreement. The FCA notes that its primary focus is on avoiding the inappropriate dissemination of knowledge of its enquiries, including the risk of tipping-off or inappropriate destruction of evidence. If the confidentiality requirements of the FCA's requests are not adhered to, there is a risk of regulatory scrutiny or action and resulting reputational damage.
Legally privileged documentation	The FCA reminds market participants that material that could be subject to legal professional privilege should not be submitted alongside suspicious transaction and order reports/market observations and, if it is, participants run the risk of waiving or losing any claimed legal privilege; direct text extracts or quotes from any such material should also not be included. However, where relevant to the narrative of the notification, the presence of such material should be disclosed to the FCA.

Importance of the PDMR regime under the Market Abuse Regulation. The FCA reminds market participants that in December 2019 it imposed a fine of £45,000 on a former managing director of Braemar Shipping Services plc for a failure to notify his trades in the issuer's shares pursuant to article 19 of the Market Abuse Regulation (MAR). This was the first enforcement action against a person discharging managerial responsibilities (PDMR) for failing to make MAR-compliant notifications since MAR came into force.

The FCA stresses that the public sanction sent a strong message to issuers and PDMRs on the importance of the regime. The FCA reminds (i) PDMRs and persons closely associated with them (PCAs) of their obligations to notify issuers and the FCA of relevant transactions pursuant to article 19 of MAR and (ii) issuers of their obligations to make public, via regulatory announcements, all notifications received from PDMRs and PCAs.

ESMA MAR REPORT

In September 2020, ESMA published its [Final Report](#) on MAR which contains technical advice to the European Commission on a number of MAR provisions and which follows a consultation paper published in October 2019.

ESMA's conclusion is that, overall, MAR has worked well and is fit for purpose. However, ESMA recommends some targeted amendments to MAR and also provides suggestions for additional guidance, including those in the table below:

ESMA REPORT: <i>EXAMPLE RECOMMENDATIONS AND GUIDANCE</i>	
Inside information and delayed disclosure	Further guidance in relation to the application of the definition of "inside information" and specific scenarios concerning delayed disclosure.
Insider lists	Whilst ESMA is of the view that insider lists remain key to investigating possible market abuse cases, it recommends clarification in some areas, including in respect of the individuals who should be included on insider lists. It also analyses the role of the permanent insider section and makes proposals to reduce the administrative burden of insider lists.
Managers' transactions	ESMA recommends retaining the current thresholds in relation to the notification of managers' transactions but proposes further exemptions to the restriction from conducting transactions in a "closed period".

AIM DISCIPLINARY NOTICE - BREACHES OF RULES 10 AND 31

In August 2020, the London Stock Exchange (LSE) [announced](#) that Yü Group plc had been publicly censured and fined £300,000 for breaches of Rules 10 (principles of disclosure) and 31 (AIM company and directors' responsibility for compliance) of the AIM Rules for Companies. The LSE waived the fine in light of the COVID-19 related uncertainties and potential financial challenges facing Yü Group.

Yü Group made a number of forecasts during the first half of its financial year to 31 December 2018 that its full year profits before tax would exceed market expectations. However, having identified material errors in its previous management information, Yu Group found that rather than meeting market expectations of predicted profit before tax, it was likely to make a significant loss.

The LSE found that:

- Yü Group breached AIM Rule 31 as it failed to ensure that it had in place sufficient procedures, resources and controls to comply with the AIM Rules.
- The failure to have in place effective financial reporting systems and controls meant that Yü Group could not rely on the integrity of its internal financial data; its disclosure was

therefore inaccurate, causing a breach of AIM Rule 10.

The LSE highlighted that, as well as ensuring documented procedures and protocols are in place, companies should ensure that they are appropriately reviewed and developed so that they are effective and are adapted to address adequately changes to the business, planned growth or other operational needs.

FCA FINAL NOTICE FOR MARKET ABUSE: WORLDSPREADS

In September 2020, the FCA published a [final notice](#) in respect of Conor Foley, the former CEO of Worldspreads Limited (WSL) and its holding company, Worldspreads Group plc (WSG), publicly censuring him for market abuse and banning him from performing any roles related to regulated activity. The FCA imposed a public censure in lieu of the financial penalty proposed in the decision notice for reasons of financial hardship.

Mr Foley was involved in drafting WSL's admission documentation ahead of its flotation on AIM in 2007. The FCA considered that the documentation contained misleading information and omitted key information that investors would have needed to make an informed decision about WSL. In particular, the documentation did not mention that some WSG

executives had made significant loans to WSG and its subsidiaries. The documentation also omitted an internal hedging strategy via which certain of WSG's subsidiaries hedged considerable trading exposures internally with company executives. In addition to others, large spread bets were carried out on two client accounts by Mr Foley himself without the clients' knowledge, which resulted in giving the appearance of greater demand for WSG shares than existed.

Mr Foley is the third and final executive of WSL against whom the FCA has taken action further to its collapse in 2012.

MISCELLANEOUS REPORTING DEVELOPMENTS AND PUBLICATIONS

Section 172 reporting guidance. In August 2020, ICSA updated its [guidance on directors' general duties under the Companies Act 2006](#). It has, amongst other things, added guidance on the section 172 reporting requirement which is set out in section 414CZA of the Act and which came into force for relevant companies with financial years beginning on or after 1 January 2019.

Mirroring the FRC 2018 Guidance on the Strategic Report, the guidance notes that the section 172 statement is likely to include issues, factors and stakeholders that the directors consider relevant under section 172(1)(a) to (f) and how they formed their opinion, along with the main methods for stakeholder engagement, and the effect of having regard to these issues, factors and stakeholders on company decisions and strategies. The section 172 statement should focus on matters of strategic importance to the company and will depend on the circumstances, size and complexity of the business. The guidance goes on to list some specifics that the statement is likely to include.

FRC Lab project on reporting on risks, uncertainties and scenarios. In September 2020, the FRC's Financial Reporting Lab (the Lab) invited investors and companies to participate in a new [project on corporate disclosures on risks, uncertainties and scenarios](#). The FRC notes that investors and other stakeholders are increasingly looking for information from companies about how they

will evolve, adapt and respond to changes in the external business environment over the short, medium and longer term, meaning that risk, uncertainty and scenario reporting is likely to become even more important. The Lab expects to publish a range of outputs in 2021.

FRC Lab project on reporting on stakeholders and section 172. In July 2020, the Lab invited investors and companies to participate in a new [project on corporate disclosures about stakeholders, including Section 172 statements](#). The project will seek to identify how information about stakeholders can be reported most effectively by examining existing best practice and understanding investors' needs. The Lab expects to publish a range of outputs in 2020 and the first half of 2021.

FCA consults on deferring the introduction of electronic tagging of accounts. In July 2020, the FCA issued [CP20/12](#): Consultation on delay to the implementation of the European Single Electronic Format (ESEF). This concerns the requirement for listed companies to publish their annual financial reports in XHTML web browser format, replacing the current PDF format. ESEF was due to be mandated for implementation for financial years starting on or after 1 January 2021. The consultation, which closed on 28 August 2020, proposes pushing back the deadline to apply to financial years starting on or after 1 January 2022 instead.

FRC Financial Reporting Lab Report on Video in Corporate Reporting. In October 2020, the Lab issued a report on – [Video in Corporate Reporting](#). It looks at the variety of uses for video, noting, for example, that video is not being used to its full potential in AGMs. It looks at how companies currently use video, considers how it might be used in the future and notes some interesting examples.

ASHURST PUBLICATIONS IN THE THIRD QUARTER OF 2020

Ashurst has published a number of client updates in the third quarter of 2020, a selection of which are set out below.

Corporate, Finance and Restructuring

[FRC Review: AGMs – an opportunity for change](#)

[Global Guide to Public M&A](#)

[Private M&A and COVID-19: key issues for buyers and sellers](#)

[Extending COVID-19 temporary measures: winding up petitions, forfeiture and CRAR](#)

[Far-reaching changes to the Modern Slavery Act are on the horizon](#)

Competition

[JD Sports and Amazon fined for breach of UK merger control procedural rules](#)

[UK real estate director banned for seven years after court grants CMA order](#)

[CMA seeks new regulatory regime for digital markets following market study](#)

[Enforcement action against four housing developers and advice on leasehold properties](#)

Employment, Incentives and Pensions

[Top five home working issues for employers](#)

[Latest Government views on executive pay](#)

[Pensions legal update](#)

Dispute Resolution

[Is your sanctions screening up-to-scratch](#)

[FCA decision notice on market abuse by ex-CEO and Upper Tribunal refusal of privacy applications](#)

[No FCA Penalty for AIM company volunteering investor compensation](#)

[Does Government advice and guidance have the force of law?](#)

Tax

[VAT on liquidated damages and compensation payments](#)

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