

REGISTRY ROUND-UP

April 2020

Welcome to your April round-up, where we bring you key dates and the latest industry highlights from the world of registry, with a focus on COVID-19.

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A focus on COVID-19

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A focus on COVID-19

Considering the current ongoing coronavirus situation, we thought we would bring together several of the key items we have seen regarding what companies can and should be doing during this time, including in areas such as AGMs and corporate reporting.

We have also hosted some webinars on the topic which you can access below:

- [COVID-19 and AGMs: what can you do?](#)
- [How to have a successful annual meeting during Coronavirus \(COVID-19\)](#)

Chartered Governance Institute – AGM Guidance

ICSA: The Chartered Governance Institute published a guidance note relating to AGMs during the current COVID-19 situation. It, like our own webinar, lays out several potential options for companies that may be due to hold their AGM in the coming months.

Those options are:

- › adapting the basis on which the AGM is held
- › delaying the AGM, where the notice of meeting has yet to be issued
- › postponing the AGM, where a company's articles allow
- › adjourning the AGM
- › conducting a hybrid AGM, if a company's articles permit it

The guidance note can be viewed [via the ICSA website](#).

This guidance was subsequently updated on 27 March and [an addendum published](#).

The purpose of this update was to provide further analysis on how meetings could continue to take place following the introduction of social distancing measures and restrictions on gatherings of more than two people.

The recommendations make it clear that shareholders should not be expected or indeed permitted to attend the meeting. Companies should ensure there is a quorum present and, essentially, hold the meeting behind closed doors. Shareholders should be encouraged to vote via proxy and companies may consider providing an avenue for shareholder questions.

Staff and support staff to facilitate the meeting should be kept to a minimum.

AGM Guidance

Apart from our own webinars and the guidance notes published by the Chartered Governance Institute, a number of law firms have also put out their own guidance to organisations on the implications for AGMs during the current situation. Some of these include:

- › [Linklaters](#) discussed how nearly half of the FTSE 100 may be affected.

- > [Clifford Chance](#) considered how holding an AGM may prove problematic as the situation develops.

Primary Market Bulletin

The Financial Conduct Authority (FCA) has published [their latest primary market bulletin](#) which covers several issues for listed companies:

- > **Market abuse**

Organisations are reminded of their obligations in relation to inside information and their operational response to COVID-19 may well meet the requirements for disclosure under the regulation. Also, organisations are still required to disclose PDMR dealings to the stock market and the FCA.

- > **Market volatility and trading suspension**

The regulator has all intentions to maintain open and orderly markets despite the current situation.

- > **Corporate reporting**

It is recognised that there may be logistical issues in connection with the production and finalisation of annual reports and accounts. Therefore, the regulator expects measures to be put in place by organisations to minimise such impact.

As a follow up to this aspect of the primary market bulletin on the 22 March, the FCA issued a statement strongly requesting all listed companies to halt the publication of preliminary financial statements for at least two weeks. The FCA has subsequently advised that this moratorium can end on 5 April.

- > **Shareholder meetings**

The regulators recognise that there may be issues with holding meetings and understand that some organisations may look to utilise virtual or hybrid meeting solutions.

- > **Corporate transactions**

The regulator is continuing to review documentation for corporate transactions in accordance with its disclosed principles. Organisations are encouraged to engage with their sponsor on urgent transactional issues.

Companies House – Filing Deadlines

Companies House expect organisations to take appropriate measures to get their accounts filed on time. However, if because of COVID-19 such filings cannot be completed before the filing deadline, then an application can be made to extend the filing period.

If an application for extensions is not made and the accounts are filed late, an automatic penalty will still be applied.

It should also be noted that Companies House have closed their Belfast, Edinburgh and London offices. Paper documents can still be delivered to Belfast and Edinburgh and all hard copy company filings should be directed to the Cardiff office.

Organisations are urged to use the online filing service available.

Proxy Advisers and Voting Recommendations

Ahead of the AGM season we have seen the voting guidelines of several proxy advisers make clear how they would not support virtual meetings and would only support hybrid where there was clear engagement with investors.

The current situation has seen some of this advice temporarily amended.

Glass Lewis has published [an immediate update](#) which recognises that during the current situation, a virtual meeting may be permitted between 1 March and June 30 so long as the organisation makes clear that their intention is to return to a physical or hybrid meeting once the situation normalises.

To date, ISS have made no formal statement or amendment to their previously published proxy guidance. Other voting guidelines [recently published by the Pensions and Lifetime Savings Association](#) appear to make no reference to virtual or hybrid meetings whatsoever.

HMRC Propose Emergency Measures on Stamp Duty

Due to the need to enable as many staff to work from home as possible, HMRC has introduced some emergency measures in relation to obtaining Stamp Duty on Stock Transfer Forms.

[A temporary set of procedures](#) have been introduced for this emergency period. In summary, these emergency measures require transfer forms to be submitted electronically to HMRC and payments for Stamp Duty to be made online. Once accepted, a letter confirming that Stamp Duty has been paid will be returned and can be submitted to the Registrar alongside the Stock Transfer Form as evidence of Stamp Duty having been paid.

We have updated our internal procedures to be able to accept evidence submitted in this form.

FCA Statement Delaying Annual Company Accounts

In light of the difficulty being faced by companies and their auditors in preparing audited financial information during this crisis, the FCA, PRA and FRC [have introduced measures](#) to ensure that information continues to flow to investors to support the continued functioning of the UK's capital markets.

Key measures include:

- › Temporary relief for listed companies which need extra time to prepare their audited financial statements, giving them an extra two months.
- › Companies will not have their listing suspended if they publish their financial statements within six months of their year-end.
- › The previously mentioned moratorium the FCA had requested firms take (in relation to publishing their preliminary statements of account) will end on 5 April.

LSE Dividend Timetable Guidelines

The LSE has announced an increase in the maximum permitted duration between the record date for a dividend and the payment date, increasing it from 30 business days to 60 business days. See below:

"From today the Exchange will permit a deferral period of up to 30 business days for payment of a dividend, but no more than 60 business days after the record date. An issuer must inform the Stock Situations Team of any deferral of a dividend payment and this must be notified without delay. After the deferral period has expired the dividend must be paid or cancelled. If any dividend is to be cancelled and not paid, this should be notified by the issuer without delay."

For more information, click [here](#).



Industry update

National Storage Mechanism

The FCA is implementing a new National Storage Mechanism (NSM) and [created a webpage](#) that provides Issuers with the information they will require to move to the new platform. The FCA want Issuers to ensure they are prepared to use the new NSM as soon as it is available.

This change is due to the FCA taking over from Morningstar as the operator of the NSM. Alongside this change, the regulator is also changing the electronic submission service to enable the upload of regulated information into the new NSM.

Any Issuers who are intending to upload a document to the NSM in April, May or June should ensure they have registered for an ESS account.

Climate Change Disclosure Consultation

The FCA is proposing the introduction of a new disclosure requirement which will be based on the Task Force on Climate-related Financial Disclosures (TCFD) recommendations.

The new rule (LR 9.8.(8)R) will sit alongside the other annual financial report content requirements, so premium listed companies would need to include relevant information in their annual report. The disclosure would need to set out either:

- › Confirmation that the company has included disclosures consistent with the four TCFD recommendations and eleven recommended disclosures within section C of the TCFD's final report, along with where that information can be located.
- › Where disclosures haven't been made, the reasons for not doing so.

[The consultation](#) originally intended for the changes to come into force for financial years beginning on or after 1 January 2021. However, as the regulator has now extended the consultation deadline until 1 October 2020, it may not be implemented until later than its original published date.

Integrated Reporting

The International Integrated Reporting Council (IIRC) is planning on revising the international integrated reporting framework so that it correctly reflects current market practices. Ahead of this review they have sought initial feedback on selected themes to inform their direction.

Their intention is to conduct a full consultation which is anticipated to be launched in May 2020. However, until then you can view the selected topics they have sought initial feedback on [their website](#).