

Introduction

Welcome to the latest in our series of regular alerts containing a round-up of news from our capital markets practice.

Financial Services: Removing the Transparency Directive's Requirement to Publish Interim Management Statements – CP14/12

The Financial Conduct Authority (FCA) is consulting on the proposed early abolition of the requirement for issuers admitted to trading on a regulated market to publish interim management statements (IMS). The FCA intends to implement the change early, ahead of the amendments to the Transparency Directive (2004/109/EC) by Amending Directive 2013/50/EU which member states are required to implement by 26 November 2015.

The FCA plans to remove the requirement to publish IMS in autumn 2014, one year ahead of the full implementation of the Directive, by deleting Disclosure and Transparency Rule 4.3.

The FCA is seeking responses to its proposal by 4 September 2014.

You can find a copy of the consultation paper <http://www.fca.org.uk/static/documents/consultation-papers/cp14-12.pdf> on the FCA website.

Securities: Financial Regulation – European Council Adopts Rules on Central Securities Depositories

On 23 July 2014, the Council of the European Union adopted a regulation aimed at improving safety in the securities settlement system and opening the market for central securities depositories (CSD) services.

The regulation introduces an obligation to represent all transferable securities in book entry form, i.e. recorded electronically, and to record them in CSDs before trading them on regulated venues. This harmonises settlement periods and settlement discipline regimes across the EU and introduces a common set of rules addressing the risks of CSD operations and services. As a result, CSDs will benefit from uniform requirements for licensing and an EU-wide “passport” which will help remove barriers of access to the market.

You can view a copy of the press release http://www.consilium.europa.eu/uedocs/cms_data/docs/pressdata/en/ecofin/144110.pdf on the European Union website.

Statutory Audit Market: CMA Consultation on Draft Order

On 24 July 2014, the Competition and Markets Authority published for consultation a draft of the Statutory Audit Services for Large Companies Market Investigation (Mandatory Use of Competitive Tender Processes and Audit Committee Responsibilities) Order 2014, to implement the remedies relating to mandatory tendering of audit services and the increased role of audit committees that the Competition Commission concluded were necessary to remedy the adverse effects on competition identified during its market investigation into statutory audit services to large companies.

You can view a copy of the draft order https://assets.digital.cabinet-office.gov.uk/media/53d0f428e5274a642e000005/Tenders_and_AC_responsibilities_Order-Formal_Consultation.pdf on the Cabinet Office website.

Share Capital: IMA Share Capital Management Guidelines

Following the merger of the ABI Investment Affairs with the Investment Management Association (IMA) on 30 June 2014, the enlarged IMA (to be renamed The Investment Association in January 2015) has assumed responsibility for guidance previously issued by the ABI.

On 28 July 2014, the IMA published share capital management guidelines which set out the expectations of IMA members as institutional investors in respect of the following aspects of share capital management:

- Directors' power to allot shares
- Own share purchase
- Scrip dividends

The IMA guidance retains many aspects of the ABI's guidance and applies to companies whose shares are admitted to the premium segment of the Official List. Companies whose shares are admitted to the standard segment of the Official List, to trading on AIM or to the High Growth Segment of the Main Market are encouraged to adopt the guidance.

You can view a copy of the guidance <https://www.ivis.co.uk/media/9665/Share-Capital-Management-Guidelines-July-2014-.pdf> on the IVIS website.

Equity Capital Markets: ABI (now IMA) Transaction Guidelines

Before its merger with the Investment Management Association, the ABI published a set of transaction guidelines setting out the expectations and views of ABI members as institutional investors on various aspects of equity capital market transactions. The guidelines are structured under 3 headings of IPOs, secondary offerings and corporate governance during corporate transactions. The guidelines build on the ABI's reports Encouraging Equity Investment and Improving Corporate Governance and Shareholder Engagement, both published in July 2013.

You can see a copy of the guidelines <https://www.ivas.co.uk/media/9533/Transaction-Guidelines-June-2014-.pdf> on the IVIS website.

Money Laundering: Proposed Amendments to the JMLSG Guidance

On 29 July 2014, the Joint Money Laundering Steering Group proposed revisions to the Money Laundering Guidance for the Financial Sector, looking at ways in which the Guidance might be made clearer, especially in the areas of risk assessment and monitoring the effectiveness of systems and controls. The amendments include, where appropriate, material from the new Financial Action Task Force documentation relating to the risk-based approach. This is ahead of any amendments that would be needed when the EC Fourth Money Laundering Directive is adopted and implemented. The Directive has not yet been formally adopted and member states would then have up to two years to implement the Directive into national legislation. It is therefore likely to take effect in 2016 or 2017.

You can see a copy of the amendments <http://www.jmlsg.org.uk/news/proposed-amendments-to-jmlsg-guidance> on the JMLSG website.

FCA Guidance Notes: Primary Market Bulletin No 8

On 6 August 2014, the Financial Conduct Authority (FCA) published its eighth Primary Market Bulletin. The Bulletin notes that, following consultations, the UKLA Knowledge Base has been updated with new and amended technical and procedural notes. The FCA is also consulting on proposed new notes and amendments to existing notes. Of note, in the category of governance and conduct, the FCA is proposing to update Technical Note 203.2 to reflect the amendment of the Listing Principles and the introduction of the Premium Listing Principles. It is also consulting on a Technical Note which addresses some of the questions posed to the FCA regarding novel and complex approaches to share buybacks in order to provide greater clarity and certainty for premium listed companies and their advisers when structuring share buybacks.

You can find a copy of the bulletin <http://www.fca.org.uk/static/documents/ukla/primary-market-bulletin-8.pdf> on the FCA website.

FRC: Towards Clear & Concise Reporting

The Financial Reporting Council's Financial Reporting Lab published a report on 12 August 2014 which examines progress made by companies towards producing relevant and succinct annual reports and accounts, and provides ideas on how companies can make further progress. The first part of the report looks at examples of what companies have done to aid clarity and conciseness, while the second part lays out a continuous process for making annual reports clearer and more concise and provides practical steps which companies can use in their own process of improvement.

You can find a copy of the Report <https://www.frc.org.uk/Our-Work/Publications/Financial-Reporting-Lab/FRC-Lab-Towards-Clear-Concise-Reporting.pdf> on the FRC website.

How Squire Patton Boggs Can Help

We would be pleased to discuss with you in more detail any of the matters raised in this article.

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