

PLC update

We highlight below some recent legal and regulatory changes affecting listed companies

Market abuse: On 3 July 2016 a new market abuse regime will come into force across the EU, including the UK. The new regime will see significant changes to the Disclosure and Transparency Rules and the repeal of the Model Code. New provisions will apply to the approval and reporting of dealings by directors and senior employees, the control and disclosure of inside information and the conduct of market soundings. Companies need to ensure their internal policies and procedures are updated ready for the changes. The enclosed guide provides more detail on how to prepare for the new regime.

Pre-emption rights: The Pre-Emption Group has issued new template resolutions. The resolutions reflect the Group's 2015 Statement of Principles in allowing the annual disapplication of pre-emption rights for:

- 5% of issued ordinary share capital on an unrestricted basis; and
- a further 5% of issued ordinary share capital for an acquisition or other specified capital investment.

The Group expects companies to adopt the template resolutions for general meetings held after 1 August 2016.

PSC Register: The new requirement for UK companies to maintain a register of people with significant control over them came into force on 6 April 2016. Although Main Market and AIM companies are exempt from the regime (due to already being subject to similar disclosure requirements via the Disclosure and Transparency Rules), unlisted subsidiaries of those companies **are** caught by the requirements and must maintain a PSC Register. Those companies will also have to file PSC information at Companies House with their first 'annual confirmation statement' filed after 30 June 2016 (the annual confirmation statement will replace the annual return from that date).

First corporate bribery conviction: Sweett Group Plc has become the first company to be convicted of failing to prevent an act of bribery committed on its behalf. A commercial organisation will be guilty of an offence if a person associated with it bribes another person with a view to obtaining business or another advantage for that organisation. The only defence is to show that the organisation had 'adequate procedures' in place to prevent bribery. Sweett Group's failure to have adequate procedures resulted in a criminal conviction and a £2.25 million penalty.

Slavery and human trafficking statement: For financial years ending on or after 31 March 2016, commercial organisations with a turnover above £36 million must publish a 'Slavery and human trafficking statement'. The statement must set out the steps taken by the organisation to combat slavery and human trafficking within its businesses and throughout its supply chains. The statement should be published on the organisation's website within six months of the relevant year end.

Audit reform: The Government has been consulting on the changes required to implement the amended EU Statutory Audit Directive from 17 June 2016. New provisions will require all 'public interest entities' (or **PIEs**) to put their audit out to tender at least every 10 years and to change their auditor at least every 20 years. 'PIEs' are companies on the Main Market (but **not** AIM), banks, building societies and insurers. Any contractual clauses (for example, in loan or security documents) that restrict a company's choice of auditor will have no legal effect from the expected date of 17 June 2016.

Many of these changes may well directly affect us as listed companies. For advance planning and professional advice, please contact:

Nigel Brown
Partner, North West
Nigel.Brown@gateleyplc.com
+44 (0)161 836 7816

Paul Cliff
Partner, Midlands
Paul.Cliff@gateleyplc.com
+44 (0)121 234 0180

Nick Emmerson
Partner, Yorkshire & North East
Nicholas.Emmerson@gateleyplc.com
+44 (0)113 218 2489