

## Other specific legislative changes affecting Quoted PLCs

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In addition to the [measures affecting all companies](#), the Act includes the following measures applicable to quoted public companies.

#### **Governance**

The upper age limit of 70 for directors will be abolished.

#### Indirect/beneficial shareholders – rights to information

All companies are allowed to permit rights to be extended to indirect shareholders, but traded companies (meaning listed companies excluding PSM, AIM and OFEX) are *required* to allow members to nominate other persons to receive copies of communications, including the right to require copies of accounts and reports, and the right to require a hard copy version of documents/information provided in another format. Unless a request for hard copies is made at the time of nomination, communication can be by website publication.

#### Institutional shareholders – disclosure of voting

Despite resistance by HL Opposition Peers, the Act contains a reserve power that will allow the Government to require institutional investors to disclose how they use their votes. The Government wanted this backstop power on the basis that transparency is

important and, whilst it is better to allow a market solution, the power is available should market forces fail to achieve this. The Government has provided assurances that regulations would not be put in place without prior consultation and a detailed cost analysis.

## **Resolutions and meetings**

### Polls to be published on website, independently adjudication

Members (or at least a substantive body of them/their shareholdings) are given the right to require an independent report on any poll taken at general meetings, which must be carried out by an independent person (which can include the auditor). The company is required to publish the results of polls on its website, along with any independent reports thereon.

## **Accounts and Audit**

### Website publication of accounts

Quoted companies are required to publish their accounts on their website as soon as reasonably practicable. There is no *statutory* requirement for website publication of preliminary statements as originally proposed because the Government views this as a matter for securities law—just as what those statements must contain is—and those requirements should not be unnecessarily duplicated in company law.

FSA disclosure rules require an issuer to keep for one year on its websites all price-sensitive information published through a regulated information provider. In the FSA's experience, it would be unusual for a company to come to the conclusion that there was no price-sensitive information contained in any future preliminary statements that it produced. Consequently, the FSA expects that companies will put their preliminary statements on their websites anyway.

### Accounts deadlines

The deadline for a public company laying the accounts at the AGM and for filing the accounts with companies house will be reduced to six months from the end of the accounting period.

### Narrative reporting requirements – the 'enhanced business review'

The business review requirements for the directors' reports are extended significantly for quoted companies, to include information on environmental, employment, social and community issues and the main factors likely to affect the company's future business (the '[enhanced business review](#)').

### Right of members to raise audit concerns at accounts meeting

Members of quoted companies (or at least a substantive body of them/their shareholdings) are given a new right to raise questions about the annual audit that they intend to raise at the accounts general meeting, and the company must publish them on their website. Companies will need to ensure they include an invitation to members to put questions about the audit in their papers for the annual accounts meeting. They will also need to have a mechanism in place to inform the auditors if any questions are received. This is intended to improve audit quality by instituting a more direct

dialogue between investors and auditors although it is unclear what else, if anything, companies and their auditors are obliged to do in relation to such questions.

## **Other FSA rules**

### Director's share dealings

The disclosure requirement in respect of director's share dealings will be replaced by the FSA rules implementing the Market Abuse Directive (the requirements are abolished in relation to unquoted PLCs).

### Substantial shareholdings notification

The substantial shareholdings notification system is removed from the Act and will instead be dealt with by FSA rules implementing the Transparency Directive, except that the s212 investigation notices regime will remain in companies legislation (this allows public companies to require certain persons to provide information relating to their interest in the companies shares).

## **Share capital**

### The concept of 'authorised share capital' is abolished

Companies will no longer need to have an authorised share capital, but (in the case of a public company) authority will need to be given by the articles or shareholders and a ceiling will need to be placed on the maximum number of shares that can be allotted.