

COVID-19: UK Financial Conduct Authority Provides Commentary to Issuers and Market Participants

March 19, 2020

The UK Financial Conduct Authority (FCA) provided issuers and market participants with commentary in light of the COVID-19 pandemic in its Primary Market Bulletin 27, published on March 17, 2020.

The FCA have stated that their core focus at this time is to ensure consumers are protected and markets continue to function well. Equity and debt capital markets play a vital role providing finance to the real economy. In line with their market integrity objective, the FCA wants to maintain orderly markets and market integrity. To do this, the FCA wants to ensure that appropriate disclosure continues, which will allow investors and the market to continue to price securities effectively.

Ongoing disclosure obligations

The FCA reiterated the need for issuers to continue to comply with their ongoing disclosure obligations under the Market Abuse Regulation (MAR) and relevant FCA rules, and noted that an issuer's own operational response to COVID-19 may itself meet the requirements for disclosure under MAR.

The FCA appreciates that COVID-19 may create challenges in the convening and operation of disclosure committees and that there may be slight delays, in the short term, as new processes are put in place. However, issuers are still expected to make every effort to meet their disclosure obligations in a timely fashion.

Market volatility and suspension of trading

The FCA's aim is to continue to maintain open and orderly markets despite current volatility. It will continue to consider requests from issuers to suspend trading in certain securities and will do so in accordance with its assessment of risks to the smooth operation of the market and the risk of harm to investors. The FCA will challenge the need for suspension where it is of the view that the situation is more appropriately addressed by an announcement to the market.

The importance of transaction notifications

The FCA expects persons discharging managerial responsibilities (PDMRs) and persons who are closely associated with PDMRs to continue to meet their notification requirements under MAR within the prescribed time frame.

Delays in corporate reporting

The FCA is conscious that COVID-19 may create logistical issues for issuers in producing accounts for upcoming reporting periods and expects them to put in place appropriate contingency plans to minimise these impacts. Such planning could consider,

for example, whether there are nonessential parts of their report and their reporting cycle they can deprioritise.

The FCA's Disclosure Guidance and Transparency Rules require issuers to make public their annual financial reports at the latest four months after the end of each financial year, while half-yearly financial reports are required no later than three months after the end of the period. From the FCA's perspective, for issuers, these deadlines remain unchanged.

If an issuer does not believe it is able to meet its continuing obligations, it should take appropriate advice and contact the FCA to discuss. Issuers should engage with their auditors, who should contact the Financial Reporting Council, as appropriate.

Shareholder meetings

The requirement to have an annual general meeting or a general meeting, as well as the procedures for these when held, are determined by the UK Companies Act 2006, issuers' own articles of association and/or relevant home state legislation. The FCA supports the effective exercise of the rights of shareholders, but also recognises that virtual methods may need to be employed in the current climate.

For further information, please refer to [our recent alert](#).

Corporate transactions and admissions

The FCA will continue reviewing documentation for corporate transactions in line with the established principles on its website. Where issuers seek to carry out urgent transactions, they should engage (initially) with their relevant sponsor firm or adviser.

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