SHEARMAN & STERLING LLP

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Governance & Securities Law Focus

In this newsletter, we provide a snapshot of the principal Asian, US, European and selected international governance and securities law developments of interest to Asian corporates and financial institutions.

The previous quarter's Governance & Securities Law Focus newsletter is available here.

Financial regulation developments are available here.

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ASIA DEVELOPMENTS

The SFC and the Stock Exchange Launch Joint Consultation on Proposed Enhancements to the Stock Exchange's Decision-Making and Governance Structure for Listing Regulation

On 17 June 2016, the Securities and Futures Commission ("SFC") and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") jointly launched a consultation on proposed enhancements to the Stock Exchange's decision-making and governance structure for listing regulation (the "Proposals"). Under the Proposals, the Stock Exchange will continue to be the frontline regulator for listing matters. The SFC's powers and functions in relation to listing matters will remain unchanged, but the ways in which those powers and functions are exercised and performed will be enhanced.

The Current Regime

Under the existing regulatory regime, the Stock Exchange is responsible for making new Listing Rules and Listing Rule amendments, subject to the prior approval of the SFC. In addition, the SFC has powers under the Securities and Futures Ordinance (Cap. 571) to supervise and monitor the Stock Exchange in the performance of its listing function. The SFC may object to listing applications and listing applicants must file listing applications and draft listing documents with the SFC via the Stock Exchange.

To ensure the independence of the Stock Exchange's regulatory function, the board of directors of the Stock Exchange has delegated its powers and functions relating to listing matters, including formulation of listing policy, to the Listing Committee. The Listing Committee is currently comprised of 28 members, including representatives of investors, listed companies, market practitioners and the Chief Executive of Hong Kong Exchanges and Clearing Limited ("HKEX"). As members of the Listing Committee are only available on a part-time basis, the Listing Committee has delegated a range of listing powers and functions to be discharged by the Listing Department and the Chief Executive of the Stock Exchange. The Listing Committee has retained the role of oversight and acts as an independent review body for decisions made by the Listing Department and the Chief Executive of the Stock Exchange.

The Proposals

The Proposals introduce structural and procedural enhancements to the above regulatory and decision-making process. Two new committees, each with equal representation from the SFC and the Stock Exchange, will be established. For matters within the mandates of the new committees, the Listing Committee will act as an advisory body and provide the committees with non-binding views.

- Listing Policy Committee

The Listing Policy Committee will be established to initiate, steer and decide Listing Rule amendments and overall listing policy. The committee will comprise of:

  - the Chief Executive of HKEX, the Chairperson and two Deputy Chairpersons of the Listing Committee; and
  - the Chairperson of the Takeovers and Mergers Panel, the Chief Executive Officer of the SFC and two senior executives from the Corporate Finance Division of the SFC.

Under the Proposals, the Chief Executive of HKEX will no longer be a member of the Listing Committee, and instead will become a member of Listing Policy Committee as referred to above.

The Listing Policy Committee will also replace the Listing Committee as the body responsible for oversight of the listing function and the Listing Department's performance within the Stock Exchange. The Listing Department will remain within the Stock Exchange but, under the proposed regime, will report to the Listing Policy Committee on its work.

- Listing Regulatory Committee

The Listing Regulatory Committee will be established to decide on initial listing applications and post-listing matters that have suitability concerns or broader policy implications. The committee will comprise of:

- the Chairperson and two Deputy Chairpersons of the Listing Committee; and
- three senior executives from the Corporate Finance Division of the SFC.

The Listing Committee, together with the Listing Department, will continue to decide a large majority of initial listing applications and post-listing matters which do not involve suitability issues or give rise to broader policy implications. To enhance the structure for reviews of listing decisions, the Listing Regulatory Committee will replace the current Listing (Review) Committee as the review body for decisions made by the Listing Committee.

According to the consultation paper, the Proposals aim to provide the SFC with earlier and more direct input on listing matters, establish clearer accountability for decision-making in listing regulation, achieve closer coordination and cooperation between the SFC and the Stock Exchange on policy formulation and simplify the process for initial listing applications. As part of the Proposals, the SFC will no longer, as a matter of routine, issue a separate set of comments on statutory filings made by new applicants.

The three-month consultation will end on 19 September 2016. The joint consultation paper is available at:

- http://www.sfc.hk/edistributionWeb/gateway/EN/consultation/openFile?refNo=16CP2

US DEVELOPMENTS

SEC and NYSE/Nasdaq Developments

SEC Proposes to Revise Regulation S-K

On 13 April 2016, the US Securities and Exchange Commission ("SEC") issued a concept release seeking public comment on modernising certain business and financial disclosure requirements in Regulation S-K. The concept release seeks comment on 340 questions organised around three broad topics: (i) the disclosure framework of Regulation S-K; (ii) the specific business and financial requirements of Regulation S-K; and (iii) the presentation and delivery of disclosure in periodic reports.

The concept release reviews the current line item requirements of Regulation S-K that relate primarily to core company business information, company performance, financial information (other than financial statements) and future prospects and risk management. The release does not address executive compensation or corporate governance, but SEC Chair Mary Jo White has made clear that these topics will be part of the SEC staff's future review of disclosure effectiveness.

The SEC is seeking feedback on whether disclosure of public policy and sustainability matters (i.e., environmental, social and governance concerns) are important to investors and thus should be disclosed by SEC reporting companies as material information.

The concept release also delves into whether the scaled disclosure requirements ought to be extended in an effort to reduce the burden and costs of disclosure compliance on smaller companies.

Notably, the SEC's concept release raises the question of whether quarterly reporting for US domestic issuers on Form 10-Q should be discontinued, or, in the alternative, whether quarterly reporting should be eliminated for smaller reporting companies and replaced with semi-annual reports.

The deadline for submitting comments on the concept release is 21 July 2016.

For the full list of topics seeking public comment, please see the official SEC concept release here:

- https://www.sec.gov/rules/concept/2016/33-10064.pdf

SEC Adopts "Publish What You Pay" Rules for Resource Extraction Issuers

On 27 June 2016, the SEC adopted a final rule requiring resource extraction issuers to disclose payments made to the US federal government or a foreign government if the issuer engages in the commercial development of oil, natural gas or minerals and is required to file annual reports with the SEC under the Securities Exchange Act of 1934 (the "Exchange Act") (Form 10-K, 20-F or 40-F). Issuers must also disclose payments made by subsidiaries or other entities controlled by the issuer and that are consolidated for purposes of the issuer's financial statements.

Resource extraction companies will be required to disclose the following types of payments made to governments or state-owned enterprises: (i) taxes, including taxes levied on corporate profits, income and production but excluding taxes levied on consumption (i.e. VAT); (ii) royalties; (iii) fees (including licence fees); (iv) production entitlements; (v) bonuses, including signature, discovery, and production bonuses; (vi) dividends, except those paid to a government as a common or ordinary shareholder under the same terms as other shareholders; (vii) infrastructure payments; and (viii) community and social responsibility payments required by law or contract.

In the case that a resource extraction issuer acquires a company not previously subject to "publish what you pay" reporting, it will not be not be required to report payment information for the acquired company until the filing of a Form SD for the first fiscal year following the acquisition. The rules also permit reporting of payments related to exploratory activities to be delayed by one year.

For more information, please see the official SEC Final Rule here:

- https://www.sec.gov/rules/final/2016/34-78167.pdf

Our related client publication is available at:

- http://www.shearman.com/en/newsinsights/publications/2016/07/shining-a-light-on-payments-to-governments

SEC Staff Updates Guidance on Use of Non-GAAP Financial Measures

On 17 May 2016, the staff of the SEC's Division of Corporation Finance issued new compliance and disclosure interpretations relating to Regulation G (which governs the use of non-GAAP financial measures in public disclosures generally) and Item 10(e) of Regulation S-K (which governs use of non-GAAP financial measures in filings with the SEC and, in part, earnings releases). These interpretations reflect recent concerns expressed by the SEC staff regarding the misuse of non-GAAP (or non-IFRS, as applicable) measures. Companies should expect additional scrutiny and SEC comments relating to their use of non-GAAP measures, in addition to possible future rulemaking.

For non-GAAP measures in all public disclosures, the new guidance under Regulation G includes the following interpretations:

- some adjustments, while not expressly prohibited, may be misleading and violate Rule 100(b) of Regulation G;
- non-GAAP measures may violate Rule 100(b) if presented inconsistently between periods;
- non-GAAP measures may violate Rule 100(b) if they exclude charges but not gains; and
- non-GAAP measures that substitute tailored revenue recognition and measurement methods may violate Rule 100(b).

For non-GAAP measures in SEC filings and earnings releases, the new guidance covers the "equal prominence" requirement. The equal prominence requirement is found in Item 10(e)(1)(i) of Regulation S-K and provides that companies that either file or furnish earnings releases with the SEC must present a quantitative reconciliation to the most directly comparable GAAP measure, as well as disclose the reasons management thinks the non-GAAP measure

provides useful information for investors and any other purposes for which management uses the non-GAAP measure. The new interpretations also provide specific guidance on when the disclosure of a non-GAAP measure is deemed more prominent than its GAAP counterpart and thus in violation of the rule. These changes are the most likely overall to require companies to re-evaluate their disclosure practices.

For non-GAAP measures in SEC filings, the new guidance applies to Item 10(e) of Regulation S-K. The new interpretations clarify that non-GAAP liquidity measures (even those management present solely as performance measures) cannot be presented on a per share basis. In addition, income tax effects on non-GAAP measures should be provided depending on the nature of the measures.

Further information on the new interpretations can be found in our client publication here:

- http://www.shearman.com/~/media/Files/NewsInsights/Publications/2016/05/SEC-Staff-Updates-Guidance-on-Use-of-NonGAAP-Financial-Measures-CM-052316.pdf

Amendment to Form 10-K Permits Issuers to Include Summary in Annual Report

In June 2016, the SEC adopted an amendment to Form 10-K, the annual report for US domestic issuers, implementing Section 72001 of the Fixing America's Surface Transportation Act, commonly known as the "FAST Act." This amendment expressly permits the inclusion of a summary of business and financial information in an annual report, on the condition that each item in the summary includes a cross-reference by hyperlink to the material in the report to which the item relates. This amendment does not affect Form 20-F, the annual report filed by foreign private issuers.

SEC Approves PCAOB's Proposed Rules on Audit Engagement Partners

On 9 May 2016, the SEC approved the proposal of the Public Company Accounting Oversight Board (the "PCAOB") to adopt new rules relating to accounting firms that participate in issuer audits. Under the proposed rules, a registered public accounting firm, when issuing audit reports for an issuer, must file a report with the PCAOB that includes the name of the engagement partner, as well as certain identifying information about the auditing firm and information relating to the level of the firm's participation in the audit. An accounting firm would be subject to the proposed rule if it has participated in at least 5% of the total audit hours of an issuer's audit. The accounting firm must inform the PCAOB within 35 days of the first auditor's report to be included in a document filed with the SEC and within 10 days after the auditor's report is first included in a registration statement filed with the SEC. The proposed rule applies to the audits of all SEC-registered issuers.

For further details on the proposed rule, please see the PCAOB release at:

- https://pcaobus.org//Rulemaking/Docket034/Release-2016-003-ARM.pdf

In addition, on 11 May 2016, the PCAOB issued a re-proposal regarding its auditing standard to supersede the standard in place since 2013. Under this re-proposal, in audits conducted under PCAOB standards, any critical audit matter must be communicated in the auditor's report. A critical audit matter is any matter that was communicated or required to be communicated to the audit committee and that: (i) relates to accounts or disclosures that are material to the financial statements, and (ii) involved especially challenging, subjective or complex auditor judgment. With their inclusion, the PCAOB intends to give investors a better understanding of the methods, considerations and processes an auditor has employed in an audit which may be affected by that auditor's professional judgment and experience with complex matters.

For further details on the re-proposal regarding auditing standards, please see the PCAOB's release at:

- https://pcaobus.org/Rulemaking/Docket034/Release-2016-003-ARM.pdf

SEC Amends Exchange Act Registration Thresholds

On 3 May 2016, the SEC adopted final rules amending the thresholds for registration, termination of registration and suspension of reporting under Section 12(g) of the Exchange Act, as mandated by the FAST Act and the Jumpstart Our Business Start-ups Act, commonly referred to as the "JOBS Act." The final rules increase the thresholds for various categories of issuers.

For non-bank issuers having in excess of $10 million in total assets, the number of holders of any class of equity securities that triggers Section 12(g) reporting obligations has been increased from 500 holders of record to 2,000 holders of record, or 500 holders of record who are not "accredited investors."

For foreign private issuers, in addition to these thresholds, Section 12(g) reporting is not required unless 300 or more of the holders of record are US residents.

In the case of a bank, a bank holding company or a savings and loan holding company, reporting obligations are also triggered when the company has total assets exceeding $10 million and over 2,000 holders of record. Additionally, these entities may terminate or suspend the registration of a class of securities under the Exchange Act if the securities are held by fewer than 1,200 persons. Such entities may rely on these rules to cease reporting during a fiscal year, rather than having to wait 90 days or until the end of the reporting year as prescribed under the Exchange Act.

SEC Proposes Revamp of its Mining Company Disclosure Requirements

On 16 June 2016, the SEC issued a proposed rule (available here), which, if adopted, would result in a revamp of its disclosure requirements for mining companies. The proposed changes include:

- requiring the disclosure of mining resources (currently prohibited under SEC rules);
- requiring that every disclosure of mineral resources, mineral reserves and material exploration results reported in a company's filed registration statements and reports be based on, and accurately reflect, information and supporting documentation prepared by a "qualified person;" and
- providing one standard requiring companies to disclose mining operations that are material to the company's business or financial condition and formalising guidance that mining operations constituting 10% or more of a company's total assets are presumed material.

These changes are further discussed in our client publication available at:

- http://www.shearman.com/~/media/Files/NewsInsights/Publications/2016/06/SEC-Proposes-Revamp-of-its-Mining-Company-Disclosure-Requirements-MM-062116.pdf

SEC Releases New Registration Fee Estimator Tool

The SEC has created a new tool to assist filers in estimating filing fees for registration statements and has provided general guidance on preparing the calculation of the registration fee table and related notes.

The tool is available at:

- https://www.sec.gov/ofm/registration-fee-estimator.html

Noteworthy US Securities Law Litigation

IBEW Local 98 Pension Fund v. Best Buy Co.: Certification of Class Action is Reversed by Federal Appeals Court Based on Supreme Court Ruling Allowing for Rebuttal of Presumption That Plaintiffs Relied on Alleged Misstatements

On 12 April 2016, in *IBEW Local 98 Pension Fund v. Best Buy Co*., the federal appeals court based in St. Louis, Missouri held that the defendants had rebutted the presumption under Section 10(b) of the Exchange Act that the plaintiffs had relied on the defendants' alleged misrepresentations. This is the first decision by a federal appeals court

applying the US Supreme Court's 2014 ruling in *Halliburton Corporation v. Erica P. John Fund* ("Halliburton II"), which said that defendants can overcome this presumption at the class certification stage by presenting evidence that the alleged misrepresentations did not affect the price of the defendant company's stock. In reaching this result, the court here rejected the plaintiffs' contention that, even if the company's stock price did not immediately react to the alleged misrepresentation, they could still maintain their claim for securities fraud because that misrepresentation artificially maintained the company's already inflated stock price.

In *Halliburton II*, which we discussed in an earlier edition of this newsletter, the Supreme Court affirmed the continued validity of the fraud-on-the-market presumption, which assumes that, based on an economic theory known as the "efficient market hypothesis," investors rely on material public representations when buying and selling stock because these public statements determine the stock's market price. Because investors are presumed to rely on public representations when buying the stock, they can therefore satisfy the statutory requirement that plaintiffs plead reliance when filing a securities class action under Section 10(b). But the Court in *Halliburton II* also ruled that defendants may rebut the presumption of reliance at the class certification stage by showing that the alleged misrepresentations did not in fact affect the company's stock price.

The court in Best Buy held that the defendants rebutted the presumption of reliance by providing evidence showing that an alleged misrepresentation did not actually affect the company's stock price immediately after that statement was made. In this case, the stock price jumped in response to a public statement that the defendants made a couple of hours before the alleged misrepresentation. The plaintiffs therefore argued that even if the alleged misrepresentation did not cause the stock price to increase, it could still be the basis for their securities fraud claim because the alleged misrepresentation maintained the stock's already inflated price. While the court as a whole did not accept this "price maintenance" theory, one of the three judges on the panel did, and wrote a dissenting opinion arguing that the plaintiffs' claims should have been allowed to proceed on the theory that the alleged misrepresentation "fraudulently maintained [the company's] stock at a constant price and counteracted expected price declines."

This case illustrates how—based on *Halliburton II*—defendants can defeat class certification by showing that the alleged misrepresentation did not affect the company's stock price. In addition, the court's rejection of the plaintiffs' "price maintenance" theory calls into question whether plaintiffs would be able to establish such a theory in other circumstances (as some courts in other jurisdictions have sometimes held).

For additional information about this case, please see our client note:

- http://www.shearman.com/en/newsinsights/publications/2016/04/eighth-circuit-holds-presumption

In re Pfizer Inc. Securities Litigation: Federal Appeals Court Stresses Control in Determining Whether a Defendant "Made" a Statement

Also on 12 April 2016, in *In re Pfizer Inc. Securities Litigation*, the federal appeals court based in New York vacated the lower court's grant of summary judgment dismissing claims of securities fraud arising out of alleged misstatements concealing the health risks associated with two of the defendant company's drugs. The court held that the lower court improperly determined that Pfizer did not "make" the statements at issue under the principles set forth in the US Supreme Court's decision in 2011 in *Janus Capital Group, Inc. v. First Derivative Traders* ("Janus").

Some of the statements that the plaintiffs alleged to be false were communicated to the public not by Pfizer, but by companies that had agreed to promote the drugs together with Pfizer. The court held that, even though Pfizer did not issue these statements, it could still be considered the "maker" of some of them under *Janus*. In *Janus*, the Supreme Court established that the "maker" of a statement under Section 10(b) of the Exchange Act "is the person or entity with ultimate authority over the statement, including its content and whether and how to communicate it." The court here held that, even though the statements at issue were communicated to the public by, and made in the name of, companies

other than Pfizer, a jury would need to decide whether Pfizer's level of involvement in drafting, and influence over approving, some of the statements was enough for Pfizer to be deemed to have ultimate authority over the statements.

Janus is often understood to limit a defendant's liability by narrowing the circumstances in which a defendant will be deemed to have "made" a false statement. But this case demonstrates how *Janus's* focus on ultimate authority can lead to liability for parties that did not actually utter the statements at issue.

For additional information about this case, please see our client note:

- http://www.shearman.com/en/newsinsights/publications/2016/04/second-circuit-stresses-control-not-attribution

Bricklayers and Masons Local Union No. 5 Ohio Pension Fund v. Transocean: Federal Appeals Court Rules That Three-Year Statute of Repose Applies to Section 14(a) of the Exchange Act

On 29 April 2016, in *Bricklayers and Masons Local Union No. 5 Ohio Pension Fund v. Transocean Ltd.*, the federal appeals court based in New York held that, even though the Sarbanes Oxley Act of 2002 ("SOX") extended the statute of repose for certain types of securities claims from three years to five years, it did not change the three-year statute of repose for claims brought under Section 14(a) of the Exchange Act (which prohibits misrepresentations in corporate proxy statements). A statute of repose establishes a period after which claims related to a certain event can no longer be brought, even in circumstances (such as a defendant's fraudulent concealment of evidence) that might extend the period established by a statute of limitations.

The plaintiffs' Section 14(a) claim arose from the merger of GlobalSantaFe Corp. ("GSF"), an offshore oil and gas drilling contractor, and Transocean Inc. ("Transocean"). Transocean owned the Deepwater Horizon, an offshore oil rig in the Gulf of Mexico that exploded on 20 April 2010, causing the worst oil spill in US history. The joint proxy statement in support of the merger, released on 2 October 2007, included statements about Transocean's compliance with training and safety programs and equipment maintenance requirements. GSF shareholders alleged that the proxy statement contained material misrepresentations and omissions concerning Transocean's safety protocols. When the original plaintiff was dismissed for lack of standing, the only remaining lead plaintiff was a party that did not seek to be appointed lead plaintiff until 3 December 2010, over three years after the proxy statement at issue was released.

In a case from 1990, this court applied the three-year statute of repose applicable to Sections 9(f) and 18(a) of the Exchange Act (which cover other types of securities fraud) to Section 14(a). But even though the court concluded that SOX's five-year statute of repose applies to Sections 9(f) and 18(a) because both statutes meet SOX's requirement of claims dealing with "fraud, deceit, manipulation, or contrivance," it held that this repose period does not apply to Section 14(a). The court reached this conclusion based on the principle of statutory interpretation that "assume[s] that Congress is aware of existing law when it passes legislation." When Congress chose to make SOX's five-year statute of repose apply only to claims of "fraud, deceit, manipulation, or contrivance," it therefore must have intended to leave intact the three-year statute of repose under Section 14(a), which can give rise to liability for mere negligence. Lastly, the court held that because statutes of repose are meant to impose a firm cutoff on when claims can be brought, the statute of repose under Section 14(a) begins to run at the time of the defendant's alleged violation—in this case, when the merger proxy statement was issued—rather than the more "fluid" standard of when the plaintiff could have discovered (or did discover) the claim.

The court here decided an open question concerning Section 14(a) claims. This decision should bring added clarity to this area of the law.

For additional information about this case, please see our client note:

- http://www.shearman.com/en/newsinsights/publications/2016/05/second-circuit-holds-sarbanes-oxley-s-five-year

Recent Regulatory Enforcement Matters

In Re: Raymond James & Associates, Inc., et al., No. 2014043592001: Affiliates of Financial Services Company Agree to Pay $17 Million Fine for Alleged Failure to Maintain Adequate Anti-Money Laundering Controls

On 18 May 2016, the Financial Industry Regulatory Authority ("FINRA"), a non-governmental organisation that regulates its member broker-dealers, reached a settlement with Raymond James & Associates, Inc. ("RJA"), Raymond James Financial Services, Inc. ("RJFS")—both affiliates of Raymond James Financial, Inc., a major financial services company—pursuant to which RJA and RJFS agreed to pay $17 million in fines to settle charges that their anti-money laundering ("AML") controls were ineffective. FINRA claimed that the practices at issue violated FINRA Rule 3310 (which requires FINRA members to maintain effective AML programs), FINRA Rule 2010 (which broadly requires "high standards of commercial honor and just and equitable principles of trade"), and certain other rules and regulations. In addition, RJA's AML Compliance Officer agreed to a fine of $25,000. RJA, RJFS, and RJA's AML Compliance Officer (collectively, the respondents) agreed to this settlement without admitting or denying FINRA's findings.

FINRA alleged that the respondents did not devote the resources to their AML compliance programs that were needed to match the expansion of their businesses from 2006 to 2014. In June 2014, RJA and RJFS assigned only eight AML personnel to monitor approximately 4.2 million accounts. In addition, according to FINRA, the respondents failed to establish written AML procedures, investigate suspicious activity, ensure that periodic customer reviews were conducted, conduct adequate due diligence in the course of their AML investigations, maintain a sufficiently coordinated structure of their AML compliance teams or monitor whether suspicious activity continued in customer accounts after suspicious activity reports were previously filed with the government. For example, of 140,000 suspicious incidents noted by RJFS's automated system, allegedly only 1,800 were escalated for further review and AML analysts were never required to detail their rationales when closing cases. Part of the reason such a high penalty amount was imposed on RJA and RJFS was that RJFS was a repeat offender. It had agreed in 2012 to fix similar alleged deficiencies, but evidently failed to honor that commitment.

In the course of detailing these alleged compliance failures, FINRA noted several examples of suspicious transactions that the respondents failed to adequately investigate or identify at all. But the focus of this enforcement action was on the respondents' systemic failures to implement adequate AML controls. In addition to agreeing to the fines noted above, RJA and RJFS consented to being censured and agreed to conduct comprehensive reviews of their AML compliance programs and then certify that their procedures are reasonably designed to comply with FINRA Rule 3310. In addition, RJA's AML Compliance Officer agreed not to be associated with any FINRA member for three months. This enforcement action highlights the continued regulatory scrutiny of financial institutions' AML compliance efforts.

EU DEVELOPMENTS

EU Referendum: UK Votes to Leave the European Union

As you are likely aware, the UK public voted on 23 June 2016 to leave the European Union. The vote itself has no legal effect on the laws of the UK or EU, and the UK will remain a member of the EU until there is either an agreement to exit or a two-year period expires from the date of issuance of a formal notice of exit by the UK government. That notice, when served, triggers a negotiation period of up to two years during which time the current EU laws continue to apply in the UK.

For further information on the departure of the UK from the European Union, please see our "Brexit" resource page which includes FAQs and industry specific comments, at:

- http://www.shearman.com/en/services/key-issues/brexit-what-it-means-for-business

Common Operation of Market Abuse Directive: ESMA Updates Q&A

On 1 April 2016, the European Securities and Markets Authority ("ESMA") published an updated version of its Q&A on the common operation of the Market Abuse Directive. The updated Q&A includes a new question on investment recommendations. The question deals with whether material that is intended for distribution channels or for the public, which concerns one or more financial instruments and contains statements indicating that these financial instruments are "undervalued," "fairly valued" or "overvalued," falls within the definition of "recommendation" contained in Article 1(3) of Commission Directive 2003/125/EC.

The update on the common operation of the Market Abuse Directive can be accessed here:

- https://www.esma.europa.eu/sites/default/files/library/2016-419_qa_market_abuse_directive.pdf

Prospectuses: ESMA Updates Q&A

On 6 April 2016, ESMA published version 24 of its Q&A on prospectuses. This version includes one new question around whether a prospectus can include an additional column to reflect recent or future material changes to the capitalisation and indebtedness statements required pursuant to Item 3.2 of Annex III (Minimum disclosure requirements for the share securities note) of the Prospectus Regulation. ESMA considers that it will depend on whether or not the change has triggered the requirement to disclose pro forma financial information, whether it is a recent complex change, whether it is a recent straightforward change and, in the case of a future change, whether it is certain or not.

Version 24 of ESMA's Q&A on prospectuses can be accessed here:

- https://www.esma.europa.eu/sites/default/files/library/2016-576_24th_version_qa_prospectus_related_issues.pdf

Transparency Directive: Final Draft Commission Delegated Regulation on European Electronic Access Point

On 19 May 2016, the Commission published the final draft text of its delegated regulation supplementing the Transparency Directive with regard to regulatory technical standards on access to regulated information at Union level.

The draft is substantially the same as the draft submitted by ESMA to the Commission in September 2015. The publication of the regulation in the Official Journal and its entry into force are subject to the European Parliament and Council not opposing the regulation.

For a summary of the previous draft submitted by ESMA on 28 September 2015, please see our Q3 2015 Governance and Securities Law Focus newsletter available here:

- http://www.shearman.com/~/media/Files/NewsInsights/Publications/2015/10/Governance-and-Securities-Law-Focus-CM-101315.pdf

The final draft text of the Commission delegated regulation can be accessed here:

- https://ec.europa.eu/transparency/regdoc/rep/3/2016/EN/3-2016-2887-EN-F1-1.PDF

Market Abuse Regulation: Regulation Takes Direct Effect in All Member States

On 3 July 2016, the Market Abuse Regulation ("MAR") took effect and became directly applicable for all Member States. At the same time, Member States (other than the UK and Denmark who chose not to opt into that directive) were required to have implemented the Criminal Sanctions for the Market Abuse Directive.

MAR replaces and extends the application of the EU's previous Market Abuse Directive in a number of significant ways, while retaining certain core underlying concepts and rules – such as the concept of "inside information" that must generally be disclosed to the market as soon as possible, limited circumstances in which this disclosure may be delayed,

the requirement to maintain and update "insider lists," reporting of transactions by "persons discharging managerial responsibilities" ("PDMRs") and prohibitions on insider dealing and manipulation of the market.

Key areas in which MAR extends the previous EU market abuse regime include:

- applying to securities traded on multilateral trading facilities (and, from January 2018, organised trading facilities) as well as regulated markets;
- applying to market participants in emissions trading allowances (although these provisions will not take effect until January 2018);
- imposing "closed periods" during which PDMRs may not deal in securities; and
- laying down much more detailed and prescriptive mechanisms and procedures that must be followed to comply with MAR (e.g. in relation to conducting market soundings) or to fall within certain safe harbours (such as those established for share buy backs and stabilisation transactions).

MAR was finalised and officially published in 2014 and various ancillary implementing or delegated measures have also been issued or are being issued under MAR.

For our previous coverage of MAR in the Governance and Securities Law Focus newsletters, please see:

- http://www.shearman.com/~/media/Files/NewsInsights/Publications/2015/01/Governance--Securities-Law-Focus-Europe-Edition-CM-012815.pdf

To view a copy of our MAR briefing, please see:

- http://www.shearman.com/~/media/Files/NewsInsights/Publications/2016/06/EU-Market-Abuse-Regulation-Implications-for-Non-EU-Issuers-with-Securities-Traded-on-an-EU-Market-CM-06232016.pdf

To view the regulation itself, please see:

- http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32014R0596&from=EN

MiFID: Commission Delegated Regulation on Admission to Trading (Corporate Aspects)

On 24 May 2016, the European Commission published a delegated regulation under the Markets in Financial Instruments Directive (II) ("MiFID II") regarding the technical standards for the admission of financial instruments to trading on regulated markets. Corporate aspects of the text of the regulation remain in substantially the same form as the text proposed by ESMA in its September 2015 report.

For a summary of the previous draft submitted by ESMA on 28 September 2015, please see our Q3 2015 Governance and Securities Law Focus newsletter available here:

- http://www.shearman.com/~/media/Files/NewsInsights/Publications/2015/10/Governance-and-Securities-Law-Focus-CM-101315.pdf

The delegated regulation will enter into force on the 20th day after its publication in the Official Journal and will apply from 3 January 2017, subject to the European Parliament and Council not opposing it under Article 13 of Regulation 1095/2010.

The delegated regulation can be accessed here:

- https://ec.europa.eu/transparency/regdoc/rep/3/2016/EN/3-2016-3017-EN-F1-1.PDF

MiFID and MAR: Council Adopts Legislation to Extend the MiFID II Implementation Date

On 17 June, the Council announced that it had adopted legislation amending MiFID II and the proposed new regulation amending the Markets in Financial Instruments Regulation ("MiFIR"), MAR and the Central Securities Depositories Regulation to, among other things, postpone the implementation date of the MiFID II legislative package by one year to 3 January 2018. No substantive changes have been made to the Parliament's text adopted on 7 June.

The resolutions of the European Parliament made on 7 June can be accessed here:

- http://www.europarl.europa.eu/sides/getDoc.do?pubRef=-//EP//NONSGML+TA+P8-TA-2016-0244+0+DOC+PDF+V0//EN
- http://www.europarl.europa.eu/sides/getDoc.do?pubRef=-//EP//NONSGML+TA+P8-TA-2016-0243+0+DOC+PDF+V0//EN

The press release can be accessed here:

- http://www.consilium.europa.eu/press-releases-pdf/2016/6/47244642619_en.pdf

On 30 June 2016, the instruments were published in the Official Journal and are now in force.

For further information on the delay to the implementation of MiFID II, please see our client note available here:

- http://www.shearman.com/~/media/Files/NewsInsights/Publications/2016/06/MiFID-II-Implementation-Delayed-to-2018-FIAFR-06212016.pdf

UK DEVELOPMENTS

PSC Register: BIS Non-Statutory Guidance

On 12 April 2016, the Department for Business, Innovation and Skills ("BIS") published updated versions of both its non-statutory guidance for companies, SEs and LLPs and its non-statutory guidance for people with significant control.

The revised guidance is broadly the same as previous guidance, however amendments include:

- clarifying that a person's direct and indirect interests must be aggregated for the purpose of choosing the appropriate statement to include in a PSC register;
- deleting an option to acquire shares from the examples of rights exercisable only in certain circumstances. The guidance for companies also includes a new paragraph stating that weighted voting rights on particular matters are unlikely to meet the voting rights test in the second specified conditions; and
- correcting the official wording for inclusion in the PSC register of an LLP.

For a summary of the previous BIS non-statutory guidance, please see our Q1 2016 Governance and Securities newsletter available here:

- http://www.shearman.com/~/media/Files/NewsInsights/Publications/2016/01/Governance_and_Securities_Law_Focus_Q4_2015-CM-012816.pdf

The updated versions of the non-statutory guidance can be accessed here:

- https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/515720/Non-statutory_guidance_for_companies__LLPs_and_SEsv4.pdf
- https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/515721/Guidance_for_PSCv2.pdf

LSE Consultation on Changes to AIM Rules for Companies Ahead of the Market Abuse Regulation

In the UK, the introduction of MAR has led to certain significant amendments to the Financial Services and Markets Act 2000 and the FCA Handbook, largely to repeal or recast guidance or rules that have been replaced by, or may have conflicted with, the new directly applicable MAR requirements.

In addition, on 13 April 2016, the London Stock Exchange ("LSE") issued AIM Notice 44, the purpose of which was to consult on proposed changes of the AIM Rules for Companies in light of MAR coming into effect on 3 July 2016. The key proposals were to:

- amend the guidance on AIM Rule 11 (General disclosure of price sensitive information) to clarify that AIM Companies will have to comply with both AIM Rule 11 and Article 17 of MAR;
- amend AIM Rule 17 (Disclosure of miscellaneous information) to remove the notification requirement in relation to directors' dealings which is satisfied by complying with Article 19 of MAR;
- incorporate a new rule on dealing policy; and
- clarify AIM Rule 41 (Cancellation) which deals with the circumstances in which the LSE might waive the requirement for shareholder approval to cancel securities which are or will be admitted to trading on an EU regulated market or an AIM Designated Market.

On 14 June 2016, the LSE published AIM Notice 45 to announce that following the consultation, all of the consequential changes envisaged in AIM Notice 44 would be made to the AIM Rules for Companies and Nominated Advisors and the AIM Note for Investing Companies, save that the definition of applicable employee for the purposes of AIM Rule 21 (Dealing policy) and the respective guidance were also amended. The new versions of the rules came into effect on 3 July 2016.

AIM Notice 44 can be accessed here:

- http://www.londonstockexchange.com/companies-and-advisors/aim/advisers/aim-notices/aim-notice-44.pdf

AIM Notice 45 can be accessed here:

- http://www.londonstockexchange.com/companies-and-advisors/aim/advisers/aim-notices/aim-notice-45-final.pdf

The revised AIM Rules for Companies can be accessed here:

- http://www.londonstockexchange.com/companies-and-advisors/aim/advisers/aim-notices/aim-rules-for-companies-july-2016.pdf

The revised AIM Rules for Nominated Advisers can be accessed here:

- http://www.londonstockexchange.com/companies-and-advisors/aim/advisers/aim-notices/aim-rules-for-nominated-advisers-july-2016.pdf

The AIM Note for Investing Companies can be accessed here:

- http://www.londonstockexchange.com/companies-and-advisors/aim/advisers/aim-notices/aim-note-for-investing-companies-july-2016.pdf

FCA: Interim Report on Investment and Corporate Banking Market Study

On 13 April 2016, the Financial Conduct Authority (the "FCA") published its interim report on the investment and corporate banking market study.

The FCA began a market study into investment and corporate banking on 22 May 2015. This market study focused on choice, transparency, bundling and cross-subsidisation in debt and equity capital markets, and mergers and acquisitions.

The market study also focused on the links between competition in these primary market services and related activities such as corporate lending and broking and ancillary services.

This interim report highlights the FCA's current conclusions stating that, while many clients feel well-served by primary capital market services, there were also some areas where improvements could be made to encourage competition. There was a particular concern around cross-subsidies in the universal banking model between corporate banking and investment banking, as well as specific market practices such as syndication and reciprocity. The FCA suggests some possible remedies for the issues identified.

The FCA expects to publish its final report in summer 2016.

The interim report can be accessed here:

- http://www.fca.org.uk/your-fca/documents/market-studies/ms15-1-2-interim-report

Prospectuses: FCA Discussion Paper on Availability of Information in the IPO Process

On 13 April 2016, the FCA published a paper opening a discussion with the aim of ensuring market participants have access to the right information at the right time during the IPO process. Currently there is a blackout period between research on the issuer being published by the banks supporting the IPO and circulation of the issuer's prospectus, which means that investors only gain access to an important source of information late in the process. In addition, analysts unconnected with the IPO generally lack access to the management of the issuer, leaving them with little information on which to base their independent research.

The discussion paper sets out alternative IPO process models which comprise different combinations of two ideas: a requirement to delay the release of any research by analysts at banks connected to the IPO until after the prospectus is published, and a requirement to invite analysts from unconnected banks and independent research providers to any meetings with management.

The discussion period closes on 13 July 2016.

The discussion paper can be accessed here:

- http://www.fca.org.uk/your-fca/documents/discussion-papers/dp16-03

UKLA Guidance Notes: Primary Market Bulletin No. 14 (Smaller Related Party Transactions) and Primary Market Bulletin No. 16

On 27 April 2016, the FCA published its 14th Primary Market Bulletin ("Bulletin 14"), advising on changes to the listing rule which requires premium listed companies to obtain written confirmation from a sponsor when undertaking a smaller related party transaction.

The proposed changes to the Draft UKLA Technical Note TN 308.3 provide that the FCA will no longer need to have discussions about the substance of the transaction contemplated. However, the FCA will need to be consulted if a sponsor questions the correct classification under the class tests before a transaction is entered into, in which case the sponsor should approach the FCA for guidance.

On 30 June 2016, the FCA published its 16th Primary Market Bulletin ("Bulletin 16"), which contains within it information concerning proposed amendments to, and deletions of, its technical notes. The proposals are intended to reflect changes brought about by MAR, which came into force on 3 July 2016. The FCA is seeking respondents' views on amending some of its technical notes. Responses are to be received by 10 August 2016.

Bulletin 14 can be accessed here:

- http://www.fca.org.uk/static/documents/ukla/primary-market-bulletin-14.pdf

The UKLA Technical Note: Related party transactions – Modified requirements for smaller related party transactions can be accessed here:

- http://www.fca.org.uk/static/documents/ukla/knowledge-base/tn-308-3-consultation.pdf

Bulletin 16 can be accessed here:

- http://www.fca.org.uk/static/documents/ukla/primary-market-bulletin-16.pdf

Pre-emption Rights: Template Resolution and Monitoring Report

On 5 May 2016, the Pre-Emption Group published a monitoring report on the implementation of its 2015 Statement of Principles for disapplying pre-emption rights and a template resolution for disapplying pre-emption rights.

The monitoring report showed that the 2015 Statement of Principles were generally adhered to, but to assist companies further the template recommends companies to propose two separate resolutions:

- a 5% disapplication to be used on an unrestricted basis; and
- an additional 5% disapplication to be used for an acquisition or capital investment as defined by the 2015 Statement of Principles.

Where the board chooses to use the additional 5% authority, companies will need to disclose their reasons and the consultation process undertaken.

The template resolutions are considered good practice and companies will be expected to use them for general meetings held after 1 August 2016.

The full monitoring report can be accessed here:

- http://www.pre-emptiongroup.org.uk/getmedia/09343697-051a-440c-acd1-dbb3a6ca4d00/PEG-Monitoring-Report.pdf.aspx

The template resolutions can be accessed here:

- http://www.pre-emptiongroup.org.uk/getmedia/963da194-742f-45b2-84d9-d1ee83b786bb/PEG-Template-resolution-for-disapplication-of-pre-emption-rights.pdf.aspx

Prime Ministerial Announcement: Transparency of Beneficial Ownership of Foreign Companies

On 12 May 2016, as part of his closing remarks at the Anti-Corruption Summit 2016, David Cameron announced that the UK will require foreign companies which own UK property and those that wish to buy UK property or bid for central government contracts to disclose their ultimate shareholders. This is to be done by joining a public register of beneficial ownership information.

The closing remarks can be accessed here:

- https://www.gov.uk/government/speeches/anti-corruption-summit-2016-pms-closing-remarks

PSC Register: Guidance on the Meaning of Significant Influence or Control

On 13 May 2016, BIS published statutory guidance on the meaning of significant influence or control with respect to companies' PSC registers, along with updated statutory guidance on the meaning of the phrase with respect to LLPs' PSC registers.

The guidance for both companies and LLPs is in substantially the same form as the draft that was published on 27 January 2016, and no significant changes have been made.

The guidance concerning companies' PSC registers can be accessed here:

- https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/523120/PSC_statutory_guidance_companies.pdf

The guidance concerning LLPs' PSC registers can be accessed here:

- https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/523122/Draft_statutory_guidance_LLPs.pdf

Investment Association: Letter to FTSE Chairs

On 20 May 2016, the Investment Association published a letter informing the chairs of FTSE companies of the recent examples of companies the value of whose assets was written down and future profit expectations scaled back significantly, following the appointment of new management. The Investment Association pointed out that directors should be assessing the likely future profitability of the business and the valuation of its assets on an on-going basis, and that independent directors should be accountable for any significant revaluation of assets, profit forecasts and dividend policy following the appointment of new management. This policy will come into effect for AGMs after 1 August 2016.

The letter can be accessed here:

- https://www.ivis.co.uk/media/12237/Board-Oversight-Letter.pdf

Financial Reporting Council: Feedback Statement on Succession Planning

Following the publication of a discussion paper on board succession planning in October 2015, on 23 May 2016, the Financial Reporting Council (the "FRC") issued a feedback statement on the issues surrounding board succession for both executives and non-executives. The key points identified by respondents include:

- establishing a clear link between the business strategy of a company and its succession plan and talent development programme;
- suggestions as to how to increase the standing of the nomination committee and improve its reporting to provide enough information (subject to commercial sensitivities) to all classes and sizes of investors about the committee's role in managing talent;
- suggestions as to how to offer more management experience (for example, by providing board apprenticeship schemes and offering more exposure to directors and board experiences for those on track to be considered for board positions);
- the role of continuous board evaluations and separate board sessions (rather than conducting annual evaluations) to inform and influence succession planning;
- the incorporation of diversity thinking in achieving a holistic approach to boardroom inclusion in an organisation; and
- the need for better reporting on board quality without disclosing insider information to investors.

The FRC has committed to avoiding updates to the UK Corporate Governance Code until 2019. Guidance in this area therefore will be considered as part of the revision of the Guidance on Board Effectiveness, which will begin later this year.

The FRC's feedback statement can be accessed here:

- https://www.frc.org.uk/Our-Work/Publications/Corporate-Governance/Feedback-Statement-Succession-Planning-Discussion.pdf

ICSA: Consultation on Minuting

On 25 May 2016, the Institute of Chartered Secretaries & Administrators (the "ICSA") initiated a consultation on the practice of minuting board meetings.

The ICSA sought respondents' views on:

- what the principal function of minutes should be;
- whether anyone else in addition to, or instead of, the company's secretary should be responsible for the production of minutes;

- what preliminary information and legal boilerplate wording (regarding directors' conflicts of interest, quorum, etc.) should be included in the minutes;
- the style of writing;
- the level of detail included in the minutes;
- the circumstances in which dissenting views should be recorded;
- whether the holding of information board meetings where decisions are actually made should be discouraged;
- whether minutes should be redacted when circulated to conflicted directors or directors who are not entitled to receive full minutes;
- the extent to which it is acceptable to edit approved minutes;
- how to deal with requests from regulators and auditors to review board minutes; and
- how long secretaries should retain notes of meetings.

The consultation closed on 24 June 2016 and the ICSA expects to publish revised guidance in due course.

The consultation paper can be accessed here:

- https://www.icsa.org.uk/assets/files/Policy/Consultations/Consultation-FINAL-16-05-23%281%29.pdf

Financial Reporting Council: Frequently Asked Questions on ESMA Guidelines on Alternative Performance Measures

In June 2015, ESMA published Guidelines on Alternative Performance Measures (the "Guidelines") which replace the Recommendation on Alternative Performance Measures issued by the Committee of European Securities Regulators in October 2005. The Guidelines apply to relevant communications released on or after 3 July 2016 by issuers of securities on a regulated market and to preparers of prospectuses.

On 25 May 2016, the FRC issued a response paper dealing with some frequently asked questions to assist directors in their consideration of the Guidelines.

The Guidelines can be accessed here:

- https://www.esma.europa.eu/sites/default/files/library/2015/11/2015-esma-1057_final_report_on_guidelines_on_alternative_performance_measures.pdf

The FCR's FAQs can be accessed here:

- https://www.frc.org.uk/Our-Work/Publications/Accounting-and-Reporting-Policy/FAQs-ESMA-Guidelines-on-Alternative-Performance-M.pdf

Corporate Governance: ecoDa Guidance on Audit Committees

On 21 June 2016, the European Confederation of Directors Associations ("ecoDa") published new guidance on audit committees (the "Guidance"). The Guidance concerns the changes brought about by Regulation (EU) No 537/2014 on the statutory audit of public-interest entities and Directive 2014/56/EU (which amends the Statutory Audit Directive). The Guidance sets out the main changes required by EU legislation, and aims to help audit committee members understand those changes. The Guidance recommends that:

- audit committee members should come from different industries and should have diverse set of knowledge and skills;
- shareholders and the nomination committee assess the integrity of board members;
- the tender process for new auditors for public-interest entities should include small and medium-sized firms;

- the audit committee of a public interest entity parent undertaking in the EU should approve non-audit services to be provided to group entities based in the EU, however the audit committee of EU subsidiaries which are public interest entities in their own right should be involved in selecting the auditors of the parent undertaking; and
- no sanctions should be imposed on individual board members for any breach of the provisions of the legislation despite such sanctions being envisaged by the legislation because that seems to be in contradiction with the collegial spirit of the board.

The new guidance can be accessed here:

- http://ecoda.org/uploads/media/ecoDa-PWC_Guidance_Audit_Committees_22_June_2016.pdf

The press release can be accessed here:

- http://ecoda.org/uploads/media/Press_release_ecoDa_PwC_guidance_audit_committee21June.pdf

LSE: Revised Admission and Disclosure Standards

On 22 June 2016, the LSE published Market Notice N04/16 which contains the new revised Admission and Disclosure Standards. Amendments have been made to rule 4.6 (Quarterly disclosure of outstanding depositary receipts) and Schedule 6 (Admission to trading only) to remove certain references to the Listing Rules and update the guidance note to paragraph 6. The amendments came into effect on 3 July 2016 and also reflect issuers' obligations under MAR which came into effect at the same time.

Market Notice N04/16 can be accessed here:

- http://www.londonstockexchange.com/traders-and-brokers/rules-regulations/change-and-updates/stock-exchange-notices/2016/n0416.pdf

The revised Admission and Disclosure Standards can be accessed here:

- http://www.londonstockexchange.com/traders-and-brokers/rules-regulations/change-and-updates/stock-exchange-notices/2016/n0416_attach2.pdf

Financial Reporting: Financial Reporting Council Update on Discussion Paper on Reporting by Smaller Listed and AIM Companies

On 30 June 2016, the FRC published an update to its discussion paper (originally published in June 2015) on improving the quality of reporting by smaller listed and AIM quoted companies. The 2015 paper explored the importance of the quality of reporting to investors in smaller listed and AIM quoted companies, and considered the various ways in which the FRC could support companies in making improvements in this area. The 2016 update summarises the feedback received and contains a note on the decisions and progress against the proposals made in the 2015 report.

The update to the 2015 discussion paper can be accessed here:

- https://www.frc.org.uk/Our-Work/Publications/FRC-Board/Update-on-Discussion-Paper-Improving-the-Quality.pdf

UK Government to Consult on Extending the Scope of Section 7 Bribery Act 2010

On 12 May 2016, the UK Ministry of Justice ("MoJ") announced that it would be considering whether to extend the scope of the UK Bribery Act's section 7 offence of a corporate failing to prevent bribery to other economic crimes such as fraud and money laundering.

Justice Minister Dominic Raab MP said: "The government is finding new ways to tackle economic crime and we are taking a rigorous and robust approach to corporations that fail to prevent bribery or allow the tax evasion on their behalf." Mr. Raab added that the UK government wanted to "carefully consider whether the evidence justifies any further extension of this model to other areas of economic crime, so that large corporations are properly held to account."

David Green CB QC, Director of the Serious Fraud Office ("SFO"), welcomed the announcement, saying that section 7 should be extended to include a corporate offence of a company "failing to prevent acts of economic or financial crime by persons associated with it" and that this was "the way to get after errant corporations effectively."

The MoJ's consultation, which will be published this summer, will "explore whether the existing 'failure to prevent' model should be extended to complement existing legal and regulatory frameworks" and follows on the heels of Sweett Group PLC's conviction for failing to prevent an associated person bribing another – the SFO's first successful prosecution and conviction of a corporate for a section 7 offence.

UK to Establish International Anti-Corruption Coordination Center

The UK government has announced plans to create the first-ever International Anti-Corruption Co-ordination Centre. The body, which the UK will establish in partnership with the US, Canada, Australia, New Zealand, Germany, Singapore and Switzerland, will be based in London. Experts, including those from the UK National Crime Agency and Interpol, will provide international co-ordination and support to help local law enforcement agencies and prosecutors work together across borders to "investigate and punish corrupt elites and recover stolen assets."

Speaking at the first Global Anti-Corruption Summit, outgoing UK Prime Minister the Rt. Hon. David Cameron MP said: "we will do everything possible to punish the corrupt and support those affected by corruption. We know that the web of corruption is global, so we will create an international anti-corruption coordination center to help police and prosecutors work together to pursue the corrupt across borders, joining the dots to identify and prosecute the corrupt and seize their assets, including by using the data made available by registers of beneficial ownership."

CONTACTS

This newsletter is intended only as a general discussion of these issues. It should not be regarded as legal advice. We would be pleased to provide additional details or advice about specific situations if desired.

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