

BREXIT ESSENTIALS

THE FINAL COUNTDOWN FOR UK LISTED COMPANIES

29 March 2019

Into extra time

“Exit day” is here and the UK remains a member of the European Union. If Mrs May’s deal is approved by 11pm tonight, exit day will be delayed to 22 May. If it is not, exit day will occur in two weeks, at 11pm on 12 April.

This extra time does not affect the potential endgame from a contingency planning perspective. With “No deal” risk assessments having been calibrated to 29 March, most companies will by now either have implemented their contingency plans, or be standing ready to implement any final steps.

For listed companies, this will involve monitoring on an ongoing basis whether the Brexit outcome, once determined, requires a communication with investors about how their business is likely to be affected.

Listed companies will also need to have considered the impact of a “no deal” Brexit on their continuing obligations, and be ready to comply with any adjustments to the regulatory regime, many of which have only recently been finalised.

This Briefing highlights the key considerations in these areas for UK listed companies as we enter the final countdown.

Communicating with investors

Is an RIS announcement required?

The FCA in its February 2019 Primary Market Bulletin (Number 20), reminded issuers of the need to be aware of their ongoing disclosure obligations under Article 17 of the Market Abuse Regulation when considering the potential impact of Brexit on their business.

Companies should consider now whether an announcement to the market is required if there is “no deal”. Although in that event, the fact that the UK is leaving the EU with no deal would clearly be public, and therefore not inside information, the effect that might have on a particular company could be inside information. Whether it is in fact inside information will depend primarily on whether the information is price-sensitive - i.e. whether it is likely to have a significant effect on the price of the company’s shares. If so, an announcement must be made as soon as possible.

In ordinary circumstances, if a company is faced with an unexpected and significant event, it is possible to delay an announcement for a short time in order to

clarify the situation. However, whilst in recent days we have undoubtedly come to expect the unexpected, the protracted nature of Brexit and its developments means that an issuer would be unwise to rely on this exception.

We anticipate that many issuers will conclude they have already made sufficient disclosures about the impact of Brexit on their business, but the continuing twists and turns suggest this an important point to keep under review. There have also been many further “no deal” notices and a proposed UK tariff schedule published which may have brought greater certainty to a range of impacts. Some companies may choose in any event to make a market-facing comment on developments.

“No deal” - is an announcement required?

Companies should consider now whether, if a “no deal” Brexit occurs, an announcement to the market is required.

We would expect most companies to include in their next financial results more detail than previously about how the Brexit outcome is likely to affect the company and the steps being taken to mitigate any adverse effects.

What about financial disclosures?

Most companies who have published financial results in the last 6 months will have included disclosures on the impact of Brexit on their business and the progress of their contingency planning in response to the FRC’s papers guidance. We have seen a range of approaches in terms of the level of detail put forward, although broadly speaking, and

for obvious reasons, the more detailed explanations have been put forward by businesses whose operations are most directly affected, or might be perceived as such.

In particular in the event of “no deal”, we would expect a company to include in its next financial results more detail than previously about how Brexit is likely to affect the company and the steps being taken to mitigate that impact.

Impact on listed company obligations

Listed companies have been trying for some time to anticipate the impact of Brexit on their continuing and other obligations as listed companies. The position is now relatively clear. Broadly speaking, the impact of a “no deal” Brexit is minimal for UK-incorporated issuers. The position is slightly more complicated for UK-incorporated issuers that also have shares traded on an EEA market and for non-UK companies.

Business as usual for most UK-incorporated issuers

Most UK-incorporated issuers will not be affected by the changes that will be made to the Listing Rules, Prospectus Rules, DTRs, Market Abuse Regulation etc. in the event of a “no deal” Brexit.

In particular, there will be no significant changes to the rules relating to:

- When inside information and other events must be announced, and the requirement to safeguard inside information until it is announced, including the obligation to keep an insider list that contains certain

prescribed information about each individual listed.

- Share dealings by PDMRs and persons closely associated with them.
- When financial results must be published and the information that must be included.
- When a transaction must be announced and/or shareholder approval sought.

However, for UK-incorporated issuers that also have shares traded on a market in an EEA state, and issuers incorporated outside the UK, adjustments may be required. They could be affected by a small number of changes, which will need to be examined.








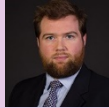






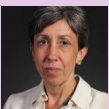

OUR TEAM

Slaughter and May is equipped to help you across the full spectrum of legal issues triggered by Brexit.

Our team has advised and continues to advise clients in a range of sectors on issues arising out of the referendum result. These include the effects of Brexit on M&A, financing transactions and other types of investment activity, its likely impact on the regulatory environment and on the cost of cross-border trade.

We are also able to assist with contingency planning, lobbying efforts and the formulation of restructuring options.

For further information on the contents of this Briefing or in relation to Brexit, or visit www.slaughterandmay.com/brexit

	<p>Jeff Twentyman BREXIT t: +44(0)20 7090 3476 e: jeffrey.twentyman@slaughterandmay.com</p>		<p>Kathrine Meloni BREXIT t: +44 (0)20 7090 3491 e: kathrine.meloni@slaughterandmay.com</p>
	<p>Nilufer Von Bismarck CORPORATE t: +44 (0)20 7090 3186 e: nilufer.von-bismarck@slaughterandmay.com</p>		<p>Andrew Jolly CORPORATE t: +44 (0)20 7090 3034 e: andrew.jolly@slaughterandmay.com</p>
	<p>Gillian Fairfield CORPORATE t: +44 (0)20 7090 4716 e: gillian.fairfield@slaughterandmay.com</p>		<p>Peter Bateman CORPORATE t: +44 (0)20 7090 4577 e: peter.bateman@slaughterandmay.com</p>
	<p>Jan Putnis BREXIT/FINANCIAL SERVICES t: +44 (0)20 7090 3211 e: jan.putnis@slaughterandmay.com</p>		<p>Tim Fosh FINANCIAL SERVICES t: +44 (0)20 7090 3791 e: timothy.fosh@slaughterandmay.com</p>
	<p>Rebecca Cousin DATA PROTECTION AND PRIVACY t: +44 (0)20 7090 3049 e: rebecca.cousin@slaughterandmay.com</p>		<p>Susie Middlemiss INTELLECTUAL PROPERTY t: +44 (0)20 7090 4038 e: susie.middlemiss@slaughterandmay.com</p>
	<p>Stephen Powell FINANCE/TREASURY t: +44 (0)20 7090 3131 e: stephen.powell@slaughterandmay.com</p>		<p>Tolek Petch BREXIT/WTO t: +44 (0)20 7090 3006 e: tolek.petch@slaughterandmay.com</p>
	<p>Anna Lyle-Smythe COMPETITION AND STATE AID t: +32 (0)495 224 603 e: anna.lyle-smythe@slaughterandmay.com</p>		<p>Nele Dhondt COMPETITION AND STATE AID t: +44 (0)20 7090 4023 e: nele.dhondt@slaughterandmay.com</p>
	<p>Deborah Finkler DISPUTE RESOLUTION t: +44 (0)20 7090 4088 e: deborah.finkler@slaughterandmay.com</p>		<p>Rob Brittain DISPUTE RESOLUTION t: +44 (0)20 7090 4683 e: rob.brittain@slaughterandmay.com</p>

This material is for general information only and is not intended to provide legal advice. For further information, please speak to your usual contact

© Slaughter and May 2019.