

Pre-Emption Group

07 March 2023 @ 14:30 – 16:00

Via Microsoft Teams

Attending

Keith Skeoch – Chair
Sarah Boyce
Mike Everett
Charles Henderson
Robert Hingley
Prakash Kakkad
Rupert Krefting
Andrew Ninian
Ben Plant
Malcolm Smith
Guy Walker
Charles Wilkinson

David Styles - FRC, Secretariat
Stephanie Blenko - FRC, Secretariat

Robin Mueller, DBT
Chris Thresh, DBT

Regrets
James Brotherton
James Larkman
Simon Lee

Summary

In the first PEG meeting of 2023, the Group was formally introduced to the new members appointed over the last 6 months. Keith Skeoch, David Styles and Stephanie Blenko also discussed the work required of the Group in the upcoming year.

Additionally, The Department for Business and Trade (DBT) [formerly BEIS] consulted with the Group on the changes proposed to the Companies Act by the UK Secondary Capital Raising Review (SCRR).

Agenda

Areas for discussion

1	Welcome from Keith Skeoch
2	<p>Introduction of new membership</p> <ul style="list-style-type: none">- Sarah Boyce, Associate Director at the Association of Corporate Treasurers- Mike Everett, retired- Prakash Kakkad, Head of Group Governance at BHP- James Larkman, Senior Portfolio Manager at Vanguard Asset Management- Ben Plant, Managing Director at Barclays- Malcolm Smith, Head of International Equities at JP Morgan Asset Management- Guy Walker, Senior Advisor at Investor Forum
3	<p>Outline of work for 2023</p> <ul style="list-style-type: none">- Approve Terms of Reference- Establish Nomination Committee- Annual report on the use of pre-emption

4	Notification of disapplication of pre-emptive rights <ul style="list-style-type: none"> - Beazley plc - Diversified Energy Company plc
5	DBT consultation on SCRR proposed changes to the Companies Act
6	AOB?

Discussion Notes

Welcome from Keith Skeoch

Member introductions

Outline of work for 2023

Keith, David and Stephanie provided an overview of the process for reviewing and implementing the new Group Terms of Reference and Nominations Committee. They also explained the estimated timeline to produce the Group's annual report on the use of pre-emption.

DBT consultation on SCRR proposed changes to the Companies Act

Robin provided an overview of the four proposed changes to the Companies Act outlined in the SCRR. The Group discussed:

- The extent to which the option for companies to automatically disapply pre-emption rights for overseas shareholders might deter overseas shareholders from making UK investments;
- the proposed change to s.793, the definition of the "beneficial owner" and the distinction between the beneficial owner of a share and the decision maker for an investment;
- the proposal to shorten the share offer period and the extent to which this might affect the ability of shareholders to vote their shares in time for the General Meeting and prevent stock shorting and market volatility.

Notification of disapplication of pre-emptive rights

The Secretariat has received two notifications of companies using the new Statement of Principles for the disapplication of pre-emptive rights, which were shared with the members for their information.

AOB

The question was raised by a member whether companies who do not wish to utilise the 10% + 10% authority in the new Statement of Principles (2022), should comply with the other provisions within, or should they continue to follow the provisions within the 2015 Statement of Principles.

The Group agreed that all companies should abide by the provisions in the 2022 Statement of Principles regardless of whether they choose to take advantage of the 10% + 10% authority.