

4 July 2016

Amendment to the Investment Association Principles of Remuneration regarding EU Market Abuse Regulation and closed periods

The Investment Association is aware that EU Market Abuse Regulation ([EU 596/2016](#)) (MAR), which applies from 3 July 2016, will have an effect on the guidance in the Investment Association's Principles of Remuneration regarding the timing of share awards.

EU MAR brings in a new definition of "closed periods", moving from the current UK requirement for "close periods" of 60 days prior to the publication of the preliminary results announcement or (where there is no preliminary announcement) the annual report, or if shorter, the period from the end of the relevant financial year up to the time of the applicable publication. However, under EU MAR, closed periods are the 30 calendar days before the issuer releases any interim financial report or year-end report which is required by national law or the rule of the relevant securities exchange.

As preliminary results announcements are not legally required in the UK, this means that it appears that the closed period will be the 30 days prior to the annual report publication.

We note that the FCA released a statement that they are seeking to clarify this provision with ESMA and will, until clarification is received, continue to take the view that where issuers make preliminary announcements, the closed period will be the 30 calendar days before this.

Currently, the Principles of Remuneration state on timing of awards, under Section C.2.vii) that:

"The rules of a scheme should provide that share or option awards should normally be granted within a 42 day period following the publication of the company's results."

Given the change in definition of closed periods and the ongoing uncertainty regarding the long term implementation of this provision, the Investment Association has decided to amend this point to read as follows, with effect from the date on which MAR comes into force:

"The rules of a scheme should provide that share or option awards should normally be granted within a 42 day period immediately following the end of the closed period under Market Abuse Regulation (EU) 596/2016"

The Principles of Remuneration have been updated with this wording with immediate effect, and are available to download [here](#).

Further Reviews of Principles of Remuneration in 2016

As previously announced, the Investment Association will be reviewing the Principles of Remuneration following the publication of the independent Executive Remuneration Working Group's final report, which is due to be published by the end of July 2016. The Investment



Association will also incorporate its usual annual review of the Principles into this process so that the fully revised Principles are published in early Autumn.

For more information please contact:

Andrew Ninian

andrew.ninian@theia.org