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UK Equity Capital Markets Insights — April 2025

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In this edition of *UK Equity Capital Markets Insights*, we report on legislative proposals to simplify and streamline directors' remuneration reporting; updated and consolidated guidance from the UK Financial Reporting Council (FRC) for reporting on the going concern basis of accounting and solvency and liquidity risks; reminders from the UK Financial Conduct Authority (FCA) about dealing with inside information and mitigating unlawful disclosure; confirmation from the FCA that it will proactively disclose open investigations of regulated firms in exceptional circumstances only; an overview of the FCA's strategy over the next five years; and the latest annual reviews on gender and ethnic diversity of boards and senior management in UK businesses:

- [Changes to Director Remuneration Reporting and Audit Framework](#)
- [FRC Publishes Updated Going Concern Guidance](#)
- [FCA Primary Market Bulletin 54](#)
- [Updates Regarding FCA Enforcement Action Disclosures](#)
- [FCA Publishes Its 5-Year Strategy](#)
- [FTSE Women Leaders Review — Update on Gender Diversity of UK Businesses](#)
- [Parker Review — Update on Ethnic Diversity of UK Businesses](#)

Changes to Director Remuneration Reporting and Audit Framework

On 5 March 2025, the UK Department for Business and Trade published draft regulations (the [Companies \(Directors' Remuneration and Audit\) \(Amendment\) Regulations 2025](#)) which, if approved, will simplify and remove overlapping requirements relating to reporting of directors' remuneration retained in UK law following Brexit. They will also make certain changes to the existing audit regulatory framework.

The regulations are being considered by the UK House of Commons and House of Lords under the "sifting" process set out in the Retained EU Law (Revocation and Reform) Act 2023.

Directors' Remuneration Reporting Requirements

UK-quoted companies must make certain statutory disclosures about director pay, including an annual directors' remuneration report and a directors' remuneration policy published at least every three years.

In 2019, the requirements were supplemented through implementation of part of the EU Shareholder Rights Amending Directive (SRD II). The supplemental requirements of SRD II implemented into UK law overlapped considerably with the existing framework for reporting of director remuneration, which remains in place. The new regulations propose to remove most of the duplicative or unnecessary reporting requirements. This aligns with the UK government's wider review of the non-financial information UK companies must include in their annual reports.

Amendments to Audit Regulations

The draft regulations also propose changes to certain existing audit regulations, to update for irregularities identified by the UK government and the FRC relating to the FRC's role in regulating audits of Public Interest Entities (typically large, listed entities which have a higher degree of audit rigour required) and non-UK incorporated companies whose securities trade on regulated markets in the UK, which arose when implementing EU audit regulations into UK law as part of Brexit.

FRC Publishes Updated Going Concern Guidance

On 25 February 2025, the FRC published revised [guidance relating to the application of the going concern basis of accounting and related reporting](#). The updated guidance, which was the subject of a consultation in August 2024, replaced the previous version issued in 2016. It includes updates for changes in accounting and auditing standards and provides guidance on the going concern basis of accounting as well as the reporting of solvency and liquidity risks for all UK companies (other than small companies and micro-entities), including listed companies that apply the UK Corporate Governance Code and which are required to include an explicit statement in their annual and interim accounts concerning the adoption of the going concern basis of accounting (or explain why they have not done so).

FRC Guidance

This new guidance from the FRC brings together the requirements of company law, accounting and auditing standards, the Listing Rules of the FCA applicable to companies admitted to listing on the Official List, the Corporate Governance Code and other regulation relating to the going concern basis of reporting and solvency and liquidity risks.

The guidance is intended to assist directors of companies to whom the guidance is relevant with applying legal and regulatory requirements to:

- Assess and make disclosures related to the going concern basis of accounting and any material uncertainties in their financial statements; and
- Disclose principal risks and uncertainties, including risks that may impact solvency and liquidity, in the company's strategic reports.

The guidance has been expanded to:

- Cover companies that apply the Corporate Governance Code, given these companies must include explicit statements concerning the adoption of the going concern basis of accounting in annual and half-yearly reports, and the associated "comply or explain" process;
- Reflect changes in accounting and audit standards;

- Provide additional guidance on overarching disclosure requirements that may apply, especially when significant judgement was involved in the assessment of the appropriateness of the going concern basis of accounting or the conclusion that there are no material uncertainties; and
- Provide additional guidance on techniques that could support the going concern and risk assessment process.

FCA Primary Market Bulletin 54

On 14 March 2025, the FCA published [Primary Market Bulletin No 54](#), in which the FCA raised concern regarding the increase in instances where material information on live M&A transactions has been leaked, either via “strategic” leaks (e.g., a deliberate leak of information to the press by individuals at an issuer or its advisers to achieve a desired outcome on the deal), or through inadvertent leaks where material information is hinted at but specific details are not necessarily mentioned.

The FCA commented that it is concerned about the poor practice and culture that appears to be developing in relation to the management of inside information and the prevention of leaks.

The FCA gave a reminder that Article 14 of the UK Market Abuse Regulation (UK MAR) expressly prohibits the unlawful disclosure of inside information and that, for breaches of UK MAR, the FCA can impose unlimited fines, order injunctions or prohibit regulated firms or approved persons. The FCA also noted that transactions governed by the UK’s Takeover Code are subject to Rule 2.1(a), whereby persons privy to confidential information concerning an offer or possible offer must treat that information as secret, may only pass it to another person if it is necessary to do so and must minimise the chances of any leak of that information.

The FCA noted that firms should be rigorous in their policies and practices about dealing with inside information and preventing unlawful disclosures. Written policies and procedures were noted as only being of limited effectiveness if the culture or firm practices were not also aimed at discouraging information leaks.

PMB 54 follows on from PMB 42 and PMB 52, in which the FCA has previously communicated best practice in mitigating unlawful disclosure of inside information and limiting market abuse.

Updates Regarding FCA Enforcement Action Disclosures

On 12 March 2025, the FCA published an update relating to its enforcement transparency proposal following consultation with industry participants undertaken throughout the winter.

In [February 2024](#), in the name of promoting greater transparency for consumers, the FCA launched a consultation into the circumstances in which it would publicise investigations into firms that it regulates. The consultation proposed that, where the FCA considered it was in the public interest to do so, the FCA would publicly announce that it had opened an enforcement investigation into a firm regulated by the FCA (including the identity of the subject of the investigation) and periodic updates thereon. This proposal was a material departure from the FCA’s historic position, which was typically to publish information about investigations only once an outcome had been reached or in exceptional circumstances, and received significant backlash from market participants.

A second consultation on an amended proposal (considering feedback from the February 2024 consultation) was launched in November 2024.

The [FCA has confirmed](#), in response to the two consultation processes, that it will not proceed with implementing a “public interest” test for disclosure of investigations and, in line with past practice, proactive disclosure of open investigations into FCA-regulated firms will only take place in exceptional circumstances.

The FCA does plan to proceed with other aspects of its transparency proposal, which received support from participants in the market:

- Reactively confirming investigations which are officially announced by others, typically market announcements or other disclosures made by firms themselves or sometimes announcements by a partner regulator.
- Public notifications which focus on the potentially unlawful activities of unregulated firms and regulated firms operating outside the regulatory perimeter, where doing so protects consumers or furthers the investigation.
- Publishing greater detail of issues under investigation on an anonymous basis.

The FCA will continue to engage with stakeholders before publishing a final policy statement, together with an updated Enforcement Guide, by the end of June this year.

FCA Publishes Its 5-Year Strategy

On 25 March 2025, the FCA published its '[Strategy: 2025 to 2030](#)', setting out its priorities over the next five years. The FCA's revised strategy supplements the regulatory reforms undertaken over the past few years, including the revised listing rule regime introduced in July 2024 and the Consumer Duty in 2023.

The FCA's revised strategy outlines opportunities and challenges facing the financial services industry. This includes rapid change in technology and the impact of AI, market volatility as a result of geopolitical instability, challenging financial resilience and demographic change in the UK population.

Over the next five years, the FCA will focus on the four priority areas outlined below.

- *Efficient, effective and proportionate.* The FCA intends to adopt a more flexible approach to the regulation and supervision of authorised firms, with less intensive supervision for firms 'demonstrably seeking to do the right thing'. Supervisory and enforcement priorities will be streamlined, with the FCA aiming to speed up decisions of enforcement actions. The process to apply for FCA authorisation will also be digitised and simplified.
- *Supporting growth.* The FCA has committed to continuing its programme of capital market reforms to make it easier for businesses to seek capital and improve liquidity, including the public offers and admissions to trading regime (expected to replace the existing prospectus rules in early 2026). The FCA intends to take a more tech-positive approach and rely on existing standards rather than imposing 'prescriptive' new rules, where possible. To maintain the competitiveness of UK financial services, the FCA will reform rules to ensure they suit the market, such as removing redundant requirements in areas such as commercial insurance and asset management.
- *Consumer protection.* The FCA recognises that trust in financial products on offer is crucial. The FCA will work with industry to ensure consumers get information and support in financial decision-making. Changes will be made to the regulation of workplace pensions to encourage schemes to invest for longer-term returns and boost economic growth.
- *Fighting financial crime.* The FCA will maintain its focus on reducing and preventing financial crime. The FCA noted a specific focus will be on firms who seek — or have sought — to use FCA authorisation as a cover for criminal activity. The FCA will also work with industry in promoting new technology to assist with anti-crime systems and processes and engage with domestic and international counterparts.

FTSE Women Leaders Review — Update on Gender Diversity of UK Businesses

The [FTSE Women Leaders Review](#) is an independent framework which sets recommendations to improve the representation of women on the boards and leadership teams of the FTSE 350 and 50 of the UK's largest private companies, and builds on the work undertaken by the Davies Review and the Hampton-Alexander Review. The Women Leaders Review recommendations are that FTSE 350 companies should target (i) 40% female representation on boards and leadership teams (i.e., executives or "C-suite"); and (ii) one woman in the chair or senior independent director role on the board and/or one woman in the chief executive or finance director role (each of the chair, senior independent director, chief executive and finance director, a key role), in each case by the end of 2025. The Women Leaders Review was expanded to the 50 largest UK private companies (by sales) in 2022.

2024 Update

Almost three-quarters of the FTSE 350 met the 40% target of women on boards in 2024, with the majority of those who did not meet the target exceeding 33%. More FTSE 100 (81%) and FTSE 250 (70%) companies met the 40% target in 2024 than in 2023 (72% and 65% respectively). There continues to be no all-male boards across FTSE 350 companies. Over a third of in-scope private companies now meet the 40% target, although the Women Leaders Review notes that a majority of companies are still below the 33% threshold.

Good progress has also been made against the women in leadership target, with nearly 70% of the FTSE 100 and nearly 60% of the FTSE 250 at or near to the 40% target. Private companies are also performing well against the target, with nearly 80% of companies at or near to 40% female representation on leadership teams.

Finally, the Women Leaders Review noted good progress against the "four key roles" target noted above, with 61% of the FTSE 100 and FTSE 250 having one woman in a key role and 24% (for the FTSE 100) and 12% (for the FTSE 250) having two or more women in a key role. Senior independent directors make up a substantial proportion of these key roles, but women taking on the role of chair for FTSE 250 companies increased to 44 in 2024 (up from 37 in 2023). Sixty percent of large private companies met or exceeded the key role target set by the Women Leaders Review, although the number of women in key roles reduced slightly in 2024.

Parker Review — Update on Ethnic Diversity of UK Businesses

The Parker Review began in 2015 and is aimed at improving representation of ethnic minorities in UK businesses. In 2017, the Parker Review made several recommendations to improve the ethnic and cultural diversity of significant UK-listed companies, including that FTSE 100 companies should have at least one ethnic minority director on their boards by December 2021. For FTSE 250 companies, the target deadline was set for December 2024. Since 2020, the Parker Review has provided an annual report summarising the progress in meeting these targets. The [latest report](#) was published in March 2025.

In 2023, the Parker Review extended its scope by asking 50 of the UK's largest private companies to meet the same targets as FTSE 350 companies by December 2027. The Parker Review also invited FTSE 350 companies and the selected large private companies to set their own individual targets for the proportion of ethnic minority representation in their senior management teams, to be met by the same date.

2024 Update — FTSE Companies

Virtually all FTSE 100 companies continued to meet the board target in 2024. Ethnic minorities continued to hold 19% of all director positions, matching the 2023 result. The number of FTSE 100 boards with more than one ethnic minority director (56) was also the same as in 2023. The number of CEOs from ethnic minorities increased by one to 13.

The update highlights considerable progress made by companies in the FTSE 250, with 204 companies meeting the board target compared to 175 companies in 2023. Directors from an ethnic minority background represent 15% of all FTSE 250 directors, a rise of 2% on 2023. There are now seven ethnic minority chairs (down from eight in 2023) and the number of CEOs was unchanged at 14.

As at the end of 2024, 11% of FTSE 100 UK senior management positions were held by people from ethnic minority backgrounds (down 2% from 2023, although 2024 figures exclude senior management outside the UK, meaning the numbers are not directly comparable). Fifty-seven FTSE 100 companies provided the target percentage set for their UK senior management teams by December 2027, at an average of 15%. Within FTSE 250 companies, 9% of UK-based senior management positions were held by ethnic minorities as of December 2024, and the average target to be achieved by 2027 was 13%.

2024 Update — Private Companies

As of 31 December 2024, 24 of the in-scope private companies who responded (34 out of 50) had at least one ethnic minority director on their main board, meeting the 2027 target (compared to 22 in 2023). Ethnic minorities represented 13% of all board positions and 9% of UK senior management teams in those companies who responded.

UK Equity Capital Markets Insights is a newsletter from Paul Hastings on legal and regulatory developments affecting UK listed companies and capital markets participants. Sign up [here](#) to receive this and other regular updates and invitations from our Equity Capital Markets team.



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