CORPORATE REVIEW

JANUARY 2024

Welcome to our Corporate Review - an opportunity for our clients and wider network to stay informed on the latest developments in the corporate sector.

Despite the on-going geopolitical turmoil with two (rather than one) wars to contend with as well as increasingly tight global trade and challenging UK economic conditions, it has continued to be a busy time for the Corporate team at Lewis Silkin. In July we anticipated that despite these challenges, deal flow would continue into the second half of 2023, and we are pleased to report that this was the case. Over the last six months transactional activity has continued and the Corporate team at Lewis Silkin has advised on a variety of buy and sell side M&A mandates, corporate finance, corporate advisory and financial services/regulatory matters.

At present, we remain optimistic that deal-making will continue into the first half of 2024. However, there remain many ‘known unknowns’ and the geopolitical situation and economic conditions will undoubtedly continue to influence the market. Inflationary pressures and underlying economic weaknesses are likely to continue to challenge financing for some and therefore restrict some potential deals. However, as interest rates have normalised more recently, financing costs are likely to become more certain and this may fuel M&A activity as we move through the first half of 2024.

It seems likely that there will be a general election in the UK during 2024 (although technically it must take place by 28 January 2025) and this may also impact transaction volumes; while some may be inclined to transact deals in the first half of the year, ahead of a possible May election, others may adopt a more cautious watch and wait approach in anticipation of a general election taking place in the autumn instead. We also anticipate that some cross-border M&A activity may be driven by the up-coming US presidential election in November 2024, driven in part by the threat of changes to tax policy.

Fluctuating business valuations exacerbated by market uncertainty are also likely to continue to be a challenge and to remain obstacles to some deals into 2024.

In terms of market trends, as we have previously highlighted, during the last six months we have continued to see clients placing greater emphasis on identifying and managing risk. Unsurprisingly, this has resulted in increased scrutiny and investment in the due diligence process as clients are keen to ensure value in deals. This is a trend that we expect to continue into 2024.

A common theme which has underpinned a lot of the work carried out by the corporate finance team over the past six months has been the looming maturity of convertible loan notes issued to several of our clients by the Future Fund, a scheme introduced by the UK government with the aim of supporting UK companies during the pandemic by advancing funds via a convertible loan agreement. With a three-year maturity date, a significant amount of the outstanding loans reached maturity in the second half of 2023. The loans provide for a 100% redemption premium payable on maturity, so the corporate finance team has been busy advising clients on financings that have converted these loans in advance of their maturity.

It has otherwise been business as usual for the corporate finance team, who continue to advise on priced investment rounds and bridging finance arrangements, the latter of which remains a feature moving into 2024 as companies continue to struggle to agree valuations with prospective investors.

How we have helped our clients

Our partner-led Corporate team has advised on numerous acquisitions, disposals, investments and corporate advisory matters across different sectors including technology and communications, financial services, advertising and marketing, retail, hospitality and leisure and media and entertainment.

We're pleased to share some of the recent transactions on which we have helped our clients:

Lewis Silkin has advised Publicis Sapient on its new joint venture with Tquila

Lewis Silkin has advised the shareholders of Chartr Limited on its sale to Robinhood Markets, Inc.

Lewis Silkin has advised Brandwidth Marketing Limited on the acquisition of Williams Commerce Holdings Limited and Cloudfy Limited

Lewis Silkin has advised Splendid Communications on its acquisition of DIY Creative, the third agency to join the Splendid Collective

Lewis Silkin has advised Euronext Sopra Steria on its acquisition of Shared Services Connected Ltd

Lewis Silkin has advised BGF on its £4 million investment into Victorian Sliders

Lewis Silkin has advised CACI on its acquisition of Cyber-Duck

Lewis Silkin has advised the shareholders of The Storytellers on their sale to Accenture

Lewis Silkin has advised Banijay UK on the acquisition of leading scripted producer The Forge

Lewis Silkin has advised Palladium Group Limited on the acquisition of White Space Strategy Ltd

Introducing…

We're pleased to welcome several new members to our team:

Leah Glover - Leah joins Lewis Silkin as a managing associate. Leah is a banking and finance lawyer with over ten years of experience acting both for large corporate and midmarket borrowers and financial institutions such as HSBC, Barclays, NatWest, Virgin Money and Coutts. Her experience spans general corporate lending (leverage or investment grade), acquisition finance, and real estate finance (such as care homes or hotels) on both a national and international level.

Legal practice aside, Leah is an advocate for diversity and inclusion, championing women's rights in the legal profession, regularly contributing to the legal press. She has already joined Lewis Silkin's gender diversity group and previously sat as Chair of the Law Society's Women Solicitor Network; leading the Law Society's response to key issues facing women in the legal profession. Leah's role as Chair involved acting as keynote speaker for some of the profession's key events, hosting panel events, running the flagship "return to work" course and championing women's rights across all forums.

We are also delighted to welcome new associates Sophie Massing, Gabriella Jack and Leigh Taylor to our Corporate team and Michael Birchall who has joined our Tax, Rewards and Incentives group.

M&A in the Creative sector – a look back and a look forward

Finally, we'd like to let you know about our up-coming session on M&A in the Creative sector – a look back and a look forward.

It has been a remarkable period for M&A activity in the marketing services sector with a plethora of buyers and PE investment fuelling many deals. Our expert panel, together with our own sector specialist M&A lawyers, will dissect the trends seen and lessons learned from deals in the last couple of years. We will also do some crystal ball gazing and consider what the rapidly changing economic environment might mean for M&A in the sector. Register your interest for further information **here**.

LEWIS SILKIN

The Economic Crime and Corporate Transparency Act 2023 – are you ready?

The Economic Crime and Corporate Transparency Act 2023 (“**ECCTA**”) sets out wide-ranging reforms to tackle economic crime and to improve transparency over corporate entities. ECCTA received Royal Assent on 26 October 2023, and builds on the Economic Crime (Transparency and Enforcement) Act 2022. You can read our summary of the key changes here.

ECCTA aims to strengthen systems for collecting, accessing and displaying information about UK companies and limited partnerships and about the ownership of UK real estate by overseas entities. It also introduces a new corporate offence of failure to prevent fraud and reforms to the test for corporate criminal liability which will make it easier to prosecute companies for economic crime offences.

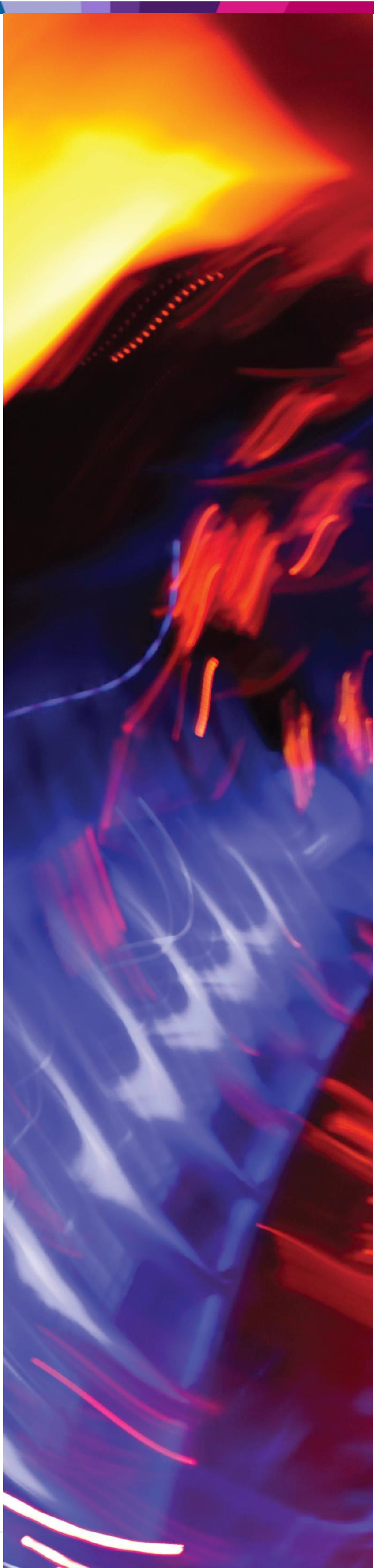
Companies House is being readied to oversee and enforce many of the changes that ECCTA introduces, and the Government has produced a number of Factsheets providing details of some of the new measures to be introduced.

Implementation of the provisions in ECCTA (which, among other things, amend the Companies Act 2006) will be in stages, as many of the provisions will require new systems to be developed and secondary legislation before they can be fully implemented. The First commencement regulations have been published together with several draft statutory instruments, and in a recent blog post Companies House indicated that some provisions (including those relating to supplying a registered email address and the new rules around registered offices) will be introduced in March 2024. But a full implementation timetable is not yet available, and it is anticipated that it will be at least a year until most of the provisions of ECCTA are in force.

So, what can you do now to prepare for implementation of the various changes that ECCTA will introduce?

In preparation for ECCTA being fully implemented over the course of 2024 (and beyond), those responsible for company record keeping and administration should consider now how ECCTA affects their existing administrative practices and processes and what, if any, changes they should introduce. This might include:

- Ensuring that current company records, including those related to shareholders, PSCs and directors are complete and up to date.
- Examining current practice for filings at Companies House (both routine and transactional filings, as the process may differ). Think ahead about how these might continue in view of ECCTA’s reforms and/or how the process may need to be adapted given the new restrictions on who can file documents at Companies House on behalf of companies.
- Identifying those who may be subject to the new identity verification requirements – for example, this might include directors, company



secretaries, PSCs and employees who regularly submit information to Companies House. Alerting them to the new requirements and ensuring that they have the necessary documentation at hand to complete the verification seamlessly when the relevant provisions are introduced.
- Ensuring that organisations have full names for all their shareholders in preparation for updating their register of members and confirmation statements when required.
- Checking that their registered office address is “appropriate” for the purpose of ECCTA.
- Ensuring that they will be ready to provide details of a company email address (which will be regularly monitored) by Companies House in due course.
- For Groups, checking whether any companies within the group have corporate directors appointed to their board.

In addition, as noted in our recent summary, ECCTA will also make it easier to prosecute businesses for economic crime, introducing a new “failure to prevent fraud” offence and reforms to corporate criminal liability for economic crime so that the involvement of a “senior manager” will suffice to convict the company. There are also steps that companies should take now (if they have not already done so) to address these reforms which might include:

- Assessing and managing risk – some sectors are more exposed to fraudulent and false accounting activities and economic crime. Financial controls should be reinforced and tailored to ensure that any potential red flags are identified and investigated, and four-eye checks are required.
- Fraud prevention measures – consider whether compliance training for staff is required (including tailored training for those in higher risk positions) and conduct a review of relevant policies, procedures and protocols aimed at bribery, corruption and crime to ensure that they adequately address all economic crime offences. Organisations should also conduct contractual reviews to ensure that where appropriate outward fraud is covered.
- Fraud detection measures – consider whether appropriate anti-fraud controls and reporting mechanisms are in place. Organisations should review their internal policies, and in particular their whistleblowing and other internal reporting procedures, and, if they do not already have one, consider appointing a compliance officer. Organisations should also consider whether additional monitoring and audit processes in relation to fraud are needed. Medium and high risk third parties should be monitored more closely and more regularly.
- Due diligence processes in respect of transactions for clients and contracts (for example, with suppliers) should also be considered, particularly on third party agents given that the offence will apply to the acts of agents acting on the organisation’s behalf. Where possible, this type of fraud due diligence should be integrated with existing processes (such as those relating to anti-bribery and corruption).
- Internal messaging - organisations should ensure that there is clear messaging from the top. Fraud should also be an agenda item both at board level and for senior managers to ensure that it is prioritised and given the appropriate oversight.
- Response – organisations should also consider their response if fraudulent activity is discovered; this might include determining who will deal with such matters and which external advisers should assist (this might not be limited to lawyers and could also include public relations, IT and crisis management advisers), whether to inform the board, external lawyers and any regulatory body; establishing protocols for internal investigations and reviewing document retention strategies.

For more information, please contact a member of our Corporate team

Focus on Corporate

We've brought together the latest thought leadership articles from the Corporate team, if you have any questions on any of the topics raised, please do get in touch.

The National Security and Investment Act 2021:Will it lead to greater certainty and lower burdens for businesses?
Since the National Security and Investment Act ("**NSI Act**") came into force on 4 January 2022, one of the criticisms levelled at the legislation has been its broad scope and ambiguity over whether a transaction might be captured by the mandatory notification regime or voluntary notification regime. Read more

UK to pare back new takeover screening powers – Lewis Silkin comments for the Financial Times
The deputy prime minister has said the UK's investment screening powers are to be pared back to make them more "business friendly", less than two years after they have been introduced. Wendy Saunders comments on how the refinement of the scope of the NS&I regime will boost confidence in the UK as an investable jurisdiction. Read more

Economic Crime and Corporate Transparency Act 2023: Key changes
In this article we identify, at a high level, the changes that the Economic Crime and Corporate Transparency Act makes to UK company law; its practical effects are far reaching and introduce significant changes which will affect the day-to-day running of companies. Read more

National Security and Investment Act 2021
The National Security and Investment Act 2021 ("**NSI Act**") provides the UK government with new powers to scrutinise investments on national security grounds. The regime set out in the NSI Act came into force on 4 January 2022. Read more

Being a B Corp sounds great…but what actually is a "B Corp"?
Companies in the UK can take a number of forms. Most companies are either a public limited company (plc) or a private company limited by shares. So where do "B Corps" fit into this? "B Corp" status is not a recognised concept under UK company law. All the status means is that the independent charity "B Lab" has certified the company as a "B Corp". Limited liability partnerships (LLPs) can also be certified as B Corps. Read more

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LEWIS SILKIN

Spotlight on Cardiff

Our Cardiff office opened in November 2012.

Heading up the Cardiff Corporate team is Geraint Tilsley. Geraint joined the firm in 2021 and has extensive experience in advising clients across a broad range of corporate finance matters.

Geraint's practice is focused on private M&A, with a particular focus on cross-border transactions; venture capital and private equity (acting for both investors and investees); joint ventures and corporate advisory matters. He is ranked in both the Legal 500 and Chambers as a leading individual in the Welsh market. Geraint is also company secretary to Wales Millennium Centre (Wales' national performing arts centre).

"I have worked on transactions across a wide range of sectors during my career, but I have developed significant expertise over the years acting for clients active in the technology/IT and high-value manufacturing and engineering sectors. Those clients range from entrepreneurs through to large corporations and funders, from both the UK and further afield. In particular, I work regularly with clients from the United States, France, Germany and Spain."

- Geraint Tilsley

Geraint is supported by Elizabeth Cotton, Natalie Wilson and Stacy Treharne.

Our Corporate team in Cardiff continues to go from strength to strength, and this year we are proud the team was shortlisted for private equity/venture capital deal of the year at the Insider Media Wales Dealmakers Awards.

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Networking for Success: The story of 'Women in Corporate & Finance Wales'

Women in Corporate & Finance Wales ("**WIC&F**") is a network created by Stacy Treharne (Associate, Lewis Silkin), Sara Trevor (Corporate Solicitor, Blake Morgan), Rhian Davies (Banking and Finance Associate, Blake Morgan), Kate Jones, (M&A Manager, Deloitte) and Aneka Abeywickrema (Executive M&A Advisor, Deloitte).

The network was created following the realisation that women were underrepresented at networking events in the Corporate Finance sector in South Wales.

Stacy provides an overview of WIC&F and their plans for the future below.

How did WIC&F come about?

I met the other founders of WIC&F at university whilst studying undergraduate law and at an awards dinner in Cardiff a few years ago. As a group we felt that the Corporate Finance sector in South Wales was very male dominated and that, whilst attending some networking events was useful, there were very few women at these events. So, we decided to (attempt to!) create our own event for like-minded women in the sector. We held our first event in February 2023, and our network has continued to grow since then, we now have over 120 members!

What are WIC&F's core values?

Our aim to create a community of women of all career levels in the Corporate Finance sector in South Wales and to provide a space for them to network in a relaxed, informal and unintimidating way. We want women to attend our events and make connections with people who they can grab a wine or go for a walk with, so that it becomes less like "networking" and instead builds close connections. The aim is not to hard sell to other women at the events, but instead to build contacts organically with the hope that in the future this will lead to the creation of work.

WIC&F has been super successful, why would you say that's the case and what's the recipe for its success?

As all of the founders are active in the Corporate Finance sector, it was evident through our conversations that there was a gap in the market. We discussed what type of networking events we'd find most beneficial and then decided to implement it. I think it's been successful because of its relaxed informal nature. Women can attend, network and build connections in a casual setting which helps with building confidence, sharing insights, advice and knowledge across the sector.

What does the future hold for WIC&F?

We plan to continue to grow and develop the network whilst fostering connections. In 2023, Deloitte, Blake Morgan and Lewis Silkin each hosted a networking event (which ranged from informal drinks to a wine tasting). Our plan for 2024 is to open the floor to other companies within our network to host their own events quarterly, with the WIC&F founders maintaining overall control of the WIC&F events. For example, a local corporate finance provider will be hosting our next event in partnership with a local charity, which provides work clothes to under privileged people trying to enter the job market.

Also, we have been approached by Women in Banking & Finance ("**WIBF**") to collaborate with their South Wales branch. As a result, we've decided to partner with them in the future on events which suit both the WIBF and WIC&F networks whilst maintaining our core values of informal and comfortable networking for our members.

For more information about WIC&F, and to join the network, please contact:

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Focus on Tax and Incentives

We've brought together the latest thought leadership articles from the tax and incentives team, if you have any questions on any of the topics raised, please do get in touch.

On the Eighth Day of Christmas HMRC Gave to Platforms...additional administrative costs!

Back in the 2021 Spring Budget, the UK Government committed to implementing the OECD's "Model Rules for Reporting by Platform Operators with respect to Sellers in the Sharing and Gig Economy". Broadly speaking, the Model Rules (as amended by the "Model Reporting Rules for Digital Platforms: International Exchange Framework and Optional Module for sale of goods") aimed to enhance compliance around business activity driven through digital platforms and minimise compliance burdens, promote standardisation of reporting rules between jurisdictions and facilitate the exchange of information between jurisdictions. Read more

Player Two Has Entered The Game
VGEC is coming… are you ready?

As part of its bid to modernise the UK creatives tax relief system, the UK Government has decided that video games tax relief ("**VGTR**") should be replaced by a new video games expenditure credit ("**VGEC**") over the course of the next few years. For now, it's a two-player game, as many existing game productions will have the choice to stick with VGTR or switch to VGEC. Read more

Autumn Statement 2023: Everything's absolutely whizzer, stop asking questions!

The Chancellor's relentlessly upbeat Autumn Statement has more than a little of the Famous Five about it. Unending enthusiasm, everything's brilliant, golly gosh we might have got into some scrapes, but it's all turned out smashing! And what with all that smuggler booty that's been confiscated in Whispering Cove, there's simply tons of money to hand out. So tax cuts for everyone! Yes, absolutely, tax cuts. What do you mean they're just slower tax rises? Tish tosh. What you need is lashings of ginger beer! Read more

New HMRC guidance on corporation tax treatment for net settled and cash-cancelled employee share awards
Employers that settle employee share awards using a net settlement method (i.e. using a reduced number of shares) are advised to review new guidance published by HMRC this summer on the corporation tax treatment of these awards. Employers are also advised that the guidance also impacts the corporation tax position for share awards that are cancelled in return for a cash payment. Read more

HMRC re-introduce SAYE (sharesave) bonus and interest rates
HMRC have brought into effect their updates to the mechanism used to calculate Save-As-You-Earn ("**SAYE**") option scheme bonus and interest rates. These updates have resulted in the re-introduction of SAYE bonus rates and early leaver interest for the first time in over ten years! Read more

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Focus on Financial Services Regulatory

Regulatory change has continued apace over the last six months. The financial services regulatory practice at Lewis Silkin has continued to be busy, and has advised on a wide range of matters including: a number of financial services firms in relation to non-financial misconduct of senior managers; various firms on complying with financial promotion requirements on matters ranging from fundraising to ad clearance; various firms on loans to employees; a range of advice concerning crypto from perimeter advice to business structuring; various firms on regulatory remuneration requirements; a large number of firms on senior managers and certification regime requirements; advice on the appropriate use of communications tools, numerous perimeter queries and some market advice.

Areas of regulatory focus that companies will need to consider in the coming months include ESG, Diversity and Inclusion requirements, the new consumer duty and further regulation for crypto.

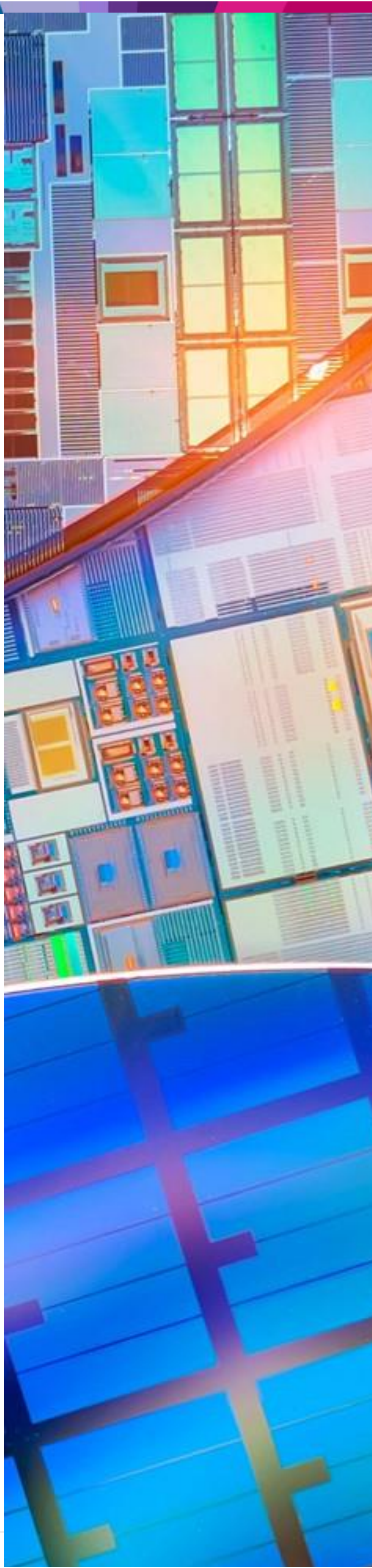
The financial promotion regime is also going through a series of complex changes which companies will need to keep abreast of, most recently, the financial promotions gateway was introduced and following a consultation the exemptions for high-net-worth individuals and sophisticated investors have been revised. We have developed a horizon scanner to help you keep up-to-date with developments in this rapidly changing area of law.

Our recent updates on this rapidly evolving area of law include:

Is the digital pound a solution in search of a problem?
Earlier this year, the Bank of England and Treasury consulted on a potential future introduction of a retail Central Bank Digital Currency (digital pound). The House of Commons Treasury Select Committee has now issued a report on it: it is safe to say that its members are somewhat sceptical of a "Britcoin"'s benefits. Read more

FCA publishes long-awaited rules and guidance on anti-greenwashing and sustainability
The FCA confirmed a package of measures it says will improve the trust in and transparency of sustainable investment products and minimise 'greenwashing'. The FCA says the package will support the UK's position as a world-leading, competitive centre for asset management and sustainable investment. And with an estimated $18.4 trillion of ESG-orientated assets now being managed globally, it's easy to see the importance of tackling greenwashing (i.e. misleading green claims) in this sector. Read more

Financial promotions regulatory horizon scanner
Our financial promotions horizon scanner identifies regulatory changes and updates that are likely to impact firms who offer financial services and products in the UK. The tracker identifies key current and future developments across numerous areas including, anti-greenwashing, social media, high risk investments and cryptoassets. Read more



Financial promotion exemptions for high net worth individuals and sophisticated investors: HM Treasury publishes its response

HM Treasury has published its Response to the Consultation: Financial promotion exemptions for high net worth individuals and sophisticated investors (Consultation) which set out proposals to reform exemptions in the Financial Promotion Order 2005 (“**FPO**”) relating to high net worth individuals and sophisticated investors. Read more

Is there a future for crypto marketing in the UK?

Following the coming into force of the Financial Conduct Authority’s new crypto marketing regime, Wendy Saunders provides a breakdown of what it all means in practice. Read more

Financial Promotions Gateway goes live – are you impacted?

The FCA has introduced a new regulatory gateway to provide greater oversight of the approval of financial promotions. Companies that approve financial promotions for third parties will need to consider whether they need to apply to be included in the gateway or whether their activities are exempt. Read more

Diversity, inclusion and non-financial misconduct in the financial sector: A snapshot

The Financial Conduct Authority (“**FCA**”) and Prudential Regulation Authority (“**PRA**”) are currently each consulting on measures to boost diversity and inclusion, and to re-emphasise the regulators’ position that non-financial misconduct is misconduct for regulatory purposes. Here we focus on the FCA’s proposals. Read more

On the Agenda by Lewis Silkin you can listen to our recent podcast:

New year new standards: will regulated individuals in financial services need to be “paragons of virtue”?

The Financial Conduct Authority (“**FCA**”) and Prudential Regulation Authority (“**PRA**”) are looking to re-emphasise the regulators’ position that non-financial misconduct is misconduct for regulatory purposes. On the Agenda by Lewis Silkin, we discuss the fitness and propriety and conduct rules requirements, as well as the forthcoming guidance ahead of the consultation closing date on 18 December. Listen here

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More about our Corporate Team

Our Corporate team focuses on M&A, corporate finance, joint ventures, corporate advisory, debt finance, public markets advice and tax. We regularly undertake M&A transactions up to £100 million in deal value, and we have recently been recognised by Legal 500 as a tier 1 practice for M&A lower mid-market. Our firm and our corporate practice are market leaders in the advertising and marketing, and media and entertainment sectors, and we have unparalleled experience in these sectors over the last thirty years. In recent years our practice and client base has grown substantially in sectors such as retail, food, financial services, healthcare, real estate and technology.

View our Corporate team and get in touch here

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