

## Insights

# UK CORPORATE BRIEFING JULY 2025

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## SUMMARY

Welcome to the Corporate Briefing, where we review the latest developments in UK corporate law that you need to know about. In this month's issue we discuss:

### **Upper Tribunal ruling in the case of Craig Donaldson and David Arden (Metro Bank)**

The Upper Tribunal has upheld the FCA's decision that the CEO and CFO of Metro Bank were knowingly concerned in the Bank's breach of the Listing Rules.

The decision serves as a reminder of the importance for listed company directors to ensure that any market disclosures made by a listed company are accurate, not misleading or deceptive, and do not omit anything likely to affect the import of the information that is disclosed.

### **New Stewardship Code 2026**

The FRC has published a revised UK Stewardship Code, effective from 1 January 2026 which aims to support long-term sustainable value creation while significantly reducing the reporting burden for signatories.

### **Revised GC100 and Investor Group Directors' Remuneration Reporting Guidance 2025**

To reflect regulatory changes and evolving best practice, the directors' remuneration reporting guidance, designed to assist companies and investors in interpreting the UK rules on directors' remuneration policies, has been updated.

### **FCA policy statement on enforcement investigations**

The FCA publishes its final policy statement on enforcement investigations after receiving strong stakeholder feedback.

### **PISCES: Stamp Duty and Stamp Duty Reserve Tax exemptions**

Transfer of PISCES shares will be exempt from all stamp duties.

## **Court of Appeal orders buy-out in favour of minority shareholder**

This case highlights the core requirement of honesty at the heart of a director's duties to his or her company – and serves as a reminder of the effectiveness of the buy-out remedy for unfair prejudice for a shareholder that wants to exit.

## **UPPER TRIBUNAL RULING IN THE CASE OF CRAIG DONALDSON AND DAVID ARDEN (METRO BANK)**

In December 2022 Metro Bank (the Bank) was fined £10m by the FCA for publishing inaccurate information concerning its risk weighted assets in its Q3 trading update in breach of LR 1.3.3R. LR 1.3.3R requires an issuer to take reasonable care to ensure that any information it notifies to a RIS or makes available through the FCA is not misleading, false or deceptive and does not omit anything likely to affect the import of the information.

The FCA also fined Mr Donaldson (CEO) and Mr Arden (CFO) on the basis that they were knowingly concerned in the Bank's breach of LR 1.3.3R. It was found that both Mr Donaldson and Mr Arden knew that the Q3 trading update contained inaccurate information whilst having a central role in reviewing, finalising and approving that trading update as members of the Board. They also failed to ensure that the Audit Committee and the Board were given an opportunity to consider whether the inclusion of the inaccurate risk weighted assets figure in the Q3 trading update without any qualification was appropriate. Mr Donaldson and Mr Arden subsequently referred the decision to the Upper Tribunal.

[See our insight for the Tribunal's findings >](#)

## **NEW STEWARDSHIP CODE 2026**

The purpose of the UK Stewardship Code 2026 (the "Code") is to establish the core Principles of effective stewardship and to set a high standard of transparency for asset owners and asset managers, and for the service providers that support them. The revised 2026 Code contains an updated set of Principles with some key features:

- Enhanced definition of stewardship: The updated definition focuses on the principle of stewardship as the creation of long-term sustainable value for clients and beneficiaries.
- Reduced reporting burden: The Code features fewer Principles and shorter 'how to report' prompts instead of detailed reporting expectations, helping to eliminate 'box-ticking' approaches to reporting against the Principles. Early evidence suggests signatories may be able to reduce reporting volume by 20-30% while maintaining quality.

- Flexible reporting structure: Signatories can submit separate Policy and Context Disclosures and Activities and Outcomes Reports or combine them into a single document. The Policy and Context Disclosure will only need to be submitted once every four years.
- Targeted Principles: The Code now includes dedicated Principles for different types of signatories, including asset owners, asset managers, and for the first time, specific Principles for proxy advisors, investment consultants, and engagement service providers.
- **New guidance:** Optional guidance will provide useful tips and examples to support effective implementation, particularly for those managing non-equity asset classes.

In order for signatories to familiarise themselves with the revised Code, 2026 will be the transition year and no existing signatories will be removed from the signatory list following their 2026 application.

## **REVISED GC100 AND INVESTOR GROUP DIRECTORS' REMUNERATION REPORTING GUIDANCE 2025**

Key changes include new guidance on:

- Engagement with shareholders and consideration of shareholders' views;
- Environmental, social and governance measures in variable pay;
- Consideration and general workforce pay; and
- Potential windfall gains.

The revised guidance also reflects recent regulatory changes including:

- For remuneration reports for financial years beginning on or after 11 May 2025:
  - the reports will not need to include a table showing the annual change in salary, benefits and bonus for directors and employees of the listed company; and
  - the "single total figure" pay table will no longer need to include fixed and variable pay totals columns.
- With effect from 11 May 2025:
  - the remuneration report will no longer need to be available online for 10 years;
  - shareholders may approve a payment which is not within the remuneration policy instead of having to approve an amendment to the policy to allow this; and

- where a deputy CEO is not on the board, the remuneration report regime will not apply to them (the regime continues to apply to a non-board CEO). However, the pay of any non-board deputy CEO for the financial year beginning before 11 May 2025 still needs to be included in the remuneration report for that year.

[Revised GC100 and Investor Group Directors' Remuneration Reporting Guidance 2025 >](#)

## **FCA POLICY STATEMENT ON ENFORCEMENT INVESTIGATIONS**

In February 2024, the FCA consulted on changes to its Enforcement Guide which would have allowed it to publish an announcement that it had opened an enforcement investigation if this was considered to be in the public interest. The feedback against these proposals was overwhelming and as a result, the FCA revised its proposals and agreed to retain the existing 'exceptional circumstances' test whilst engaging with stakeholders before publishing a final policy statement.

The final [policy statement](#) has now been published. This will now provide for three additional circumstances where the FCA may make announcements in addition to the 'exceptional circumstances' test:

- the FCA may name a subject they are investigating for:
  - suspected unauthorised financial services, including communicating a financial promotion without appropriate approval; or
  - a suspected offence linked to unregulated activity;
- publicly confirming that they are investigating a subject if they, an affiliated company or a regulatory body, government or public body in the UK or a partner jurisdiction has or have already made that fact public. The announcement may also confirm the nature of the investigation as far as that has already been made public; and
- to make public that they are investigating a particular matter on an anonymised basis without naming or identifying the subject of the investigation. This can occur where it would be desirable to educate people generally about the types of conduct they are investigating or to encourage firms to comply with their rules or other requirements.

The [new Enforcement Guide](#) came into force on 3 June 2025.

## **PISCES: STAMP DUTY AND STAMP DUTY RESERVE TAX EXEMPTIONS**

Following publication of the PISCES regulations, [regulations](#) have been published which exempt transfers of PISCES shares in connection with trading activity on a PISCES platform from all stamp

duties. The changes come into force on 3 July 2025 and are expected to have a positive effect by helping to incentivise current private shareholders and potential investors to buy and sell shares through trading on a PISCES platform.

PISCES is the new trading platform for the intermittent trading of shares in a private company on a multilateral system. It is part of the government's strategy to reinvigorate capital markets through pro-innovation and pro-growth policies. Read our [earlier briefing](#) for further details.

## COURT OF APPEAL ORDERS BUY-OUT IN FAVOUR OF MINORITY SHAREHOLDER

[Saxon Woods Investments Limited v Costa and others \[2025\] EWCA Civ 708](#)

This case concerns exit provisions in an investment agreement which required the company and its shareholders to work together in good faith towards a sale of the company no later than the end of 2019. One of the minority shareholders, Saxon Woods, brought a claim for 'unfair prejudice' (under s996 Companies Act 2006) against the company's chairman Mr Costa (who indirectly controlled a majority of the shares in the company). It alleged that he had caused the company to breach the exit provisions and sought an order that he buy-out its shares. The high court had determined that Mr Costa was responsible for the breach – but that he had not acted in breach of duty, because he had sincerely believed that it would be better to delay an exit. A buy-out order was made against him – but it was made conditional on it being shown that an offer of c\$75m would have been received had the exit provisions been complied with (as that was judged to be at a level that a majority of other shareholders would have accepted). Both sides appealed the judgment.

The Court of Appeal has found in favour of Saxon Woods, determining that:

- Mr Costa had acted in breach of duty – as the duty of a director to act “in the way he considers, in good faith, would be most likely to promote the success of the company” (s172 Companies Act 2006) required Mr Costa to act honestly – whereas he had deliberately misled the board regarding the steps being taken (or not) to seek an exit;
- Mr Costa's conduct had deprived Saxon Woods of the opportunity to try to achieve an exit and that in itself was prejudicial - there was no need to show financial loss;
- it would be unjust for Saxon Woods to be left as a minority shareholder in a company controlled and managed by a person who had shown himself willing to act in deliberate disregard of its rights and to achieve his ends by misleading the board and other investors who did not agree with him, or whose interests he did not think were aligned with his; and, accordingly
- the court ordered Mr Costa to buy Saxon Wood's shares on a non-discounted basis as a pro rata proportion of the open market value of the company as at 31 December 2019 (which was

to be determined by the high court after hearing appropriate expert evidence).

The case highlights the core requirement of honesty at the heart of a director's duties to his or her company – and serves as a reminder of the effectiveness of the buy-out remedy for unfair prejudice (available on a discretionary basis) for a shareholder that wants to exit.

## RELATED CAPABILITIES

- Corporate

## MEET THE TEAM



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