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FRC Announces Interim Changes to UK Stewardship Code Reporting Requirements

Regulatory & Compliance on **July 25, 2024**

On 22 July 2024, the Financial Reporting Council ("**FRC"**) announced interim changes to the reporting requirements for existing signatories to the UK Stewardship Code. These updates precede any updates arising from a wider wholesale consultation on a new UK Stewardship Code set to be launched in 2024, with implementation of any updates arising from that consultation in 2026.

Key changes effective from 31 October 2024, include:

- Removing the need for existing signatories to update disclosures against "Context" unless there are material changes.
- Eliminating the requirement for asset owners and managers (excluding service providers) to report on "Activity" and "Outcome" for Principle 1 (purpose, strategy and culture), Principle 2 (governance, resources and incentives), Principle 5 (review and assurance), and Principle 6 (client and beneficiary needs), unless there are significant updates.
- Allowing cross-referencing to previous reports if no material changes have occurred.

Additionally, the FRC clarified expectations on reporting outcomes and the application of Principles regarding collaborative engagement and escalation of stewardship activities. The council emphasized that ongoing engagements can be reported with progress reflections and that collaborative engagement or escalation is not mandatory unless it aligns with stewardship objectives, which is likely to be a very useful update for signatories.

The ongoing review of the UK Stewardship Code as part of the wider consultation process will focus on defining effective stewardship, streamlining reporting for different asset managers and owners, improving clarity in service provider reporting, reducing reporting burdens, and positioning the UK Stewardship Code within the broader regulatory framework.

Further stakeholder engagement through roundtable events will occur in August and September, with the formal consultation on revised UK Stewardship Code proposals planned for later in 2024.

For further information on the UK Stewardship Code, please reach out to the Proskauer UK Regulatory team.

View original.

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