

Calling all directors and company secretaries – what lessons can be learned from the latest FCA fine for breaches of the rules on PDMR dealings?

On 26 November 2024 the FCA fined Mr Andras Sebok, Chief Supply Chain Officer of Wizz Air, £123,500 for breaches of the Market Abuse Regulations concerning PDMR dealings. Between 2019 and 2020 Mr Sebok undertook 115 trades in the shares of Wizz Air, without notifying the FCA or Wizz Air within the requisite timeframes and on 18 occasions he traded within a closed period.

In previous fines for PDMR rule breaches the FCA has fine the company as well as the PDMR, for the company failing to have adequate systems, procedures and controls (Listing Principle 1) and for failing to take reasonable steps to ensure its directors understand their obligations and responsibilities (Listing Principle 3).

Wizz Air did not receive a fine, which would imply the FCA thought their systems, procedures and controls with respect to PDMR dealings were adequate and that they had taken reasonable steps to ensure their PDMRs understood their obligations and responsibilities.

The FCA noted Wizz Air's procedures included:

- The PDMR's contract of appointment included terms with respect to adhering to all obligations as a PDMR.
- Regular emails were sent to all PDMRs, reminding them of their restrictions on trading during closed periods and the requirement to seek authorisation for share trading at all other times. These emails had a copy of the share dealing code attached.

Wizz Air's share dealing code:

- Reflected the requirements of Article 19 of the Market Abuse Regulations, along with more stringent requirements.
- Included a requirement to complete an "Acknowledgement of share dealing code" in which the PDMR confirmed that they had read and understood their legal and regulatory obligations.

When calculating the financial penalty to be imposed on Mr Sebok, the FCA noted one area of potential improvement in Wizz Air's processes:

"although Mr Sebok was properly informed and received frequent reminders setting out his PDMR responsibilities arising from MAR, he was not provided with any individual training on MAR and his responsibilities."

Next steps for company secretaries and directors

- Review contracts with PDMR's, do they contain wording confirming adherence to all PDMR obligations?
- Review the frequency reminders are sent to PDMRs reminding them of the rules and requirements around trading in the company's shares.
- Review the documents attached to the reminder emails, ensure it includes the company's share dealing policy and any requisite forms.
- Have your PDMRs confirmed in writing that they have read the company's share dealing code and understood their legal and regulatory obligations?
- Review what training is in place for PDMRs on their responsibilities under MAR.

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