

Calling all LSE listed directors and company secretaries offering a dividend re-investment scheme – are you keeping track of your MAR obligations?

Article 19 of the Market Abuse Regulation imposes strict requirements on the notification of PDMR dealings in shares of their listed company. The PDMR and their PCA's have three working days from the date of the transaction to notify the company and the FCA. The company then has two working days to make an announcement to the market.

Compliance with PDMR dealing obligations is an area of focus for the FCA and one in which they have issued frequent fines for breaches, the most recent for £123,500 in November 2024.

In the last fortnight I have seen three examples in which the required timelines have not been met and the triggering transaction were shares issued to PDMRs as part of a dividend re-investment scheme.

The dates quoted on two of the announcements implied the company had not been told within the three-day period. The preamble to the third announcement stated the PDMR's shares had been automatically applied to take part in the dividend re-investment scheme without their knowledge.

I have no direct knowledge of the details in any of these three circumstances, however on the scant facts available I would find either situation hard to defend if challenged. The company knows if it offers a dividend re-investment scheme, when it is due to pay a dividend and thereby trigger the issuance of shares and due to the importance of MAR, I would argue it should know which PDMRs have signed up to the scheme (or certainly be able to evidence they have asked the question of all PDMRs).

Likewise, a PDMR should know how their shareholding is held, including if it means the shares will be automatically subscribed for any dividend re-investment scheme.

Next steps:

PDMRs

- Do you know if your shareholding has elected/automatically will elect to take part in any dividend re-investment scheme offered?

Company secretaries

- Do you know which PDMRs have elected to partake in the dividend re-investment scheme?
- Are PDMRs regularly informed of their obligations under MAR and has training been provided?

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