



**“May you live in interesting times”**

**By Peter Swabey**

There is a saying that as one door closes, another opens. This is the first ProShare newsletter since Zoe Denny-Thomas left the team and we will all miss her commitment, enthusiasm and passion for employee share ownership. We are grateful for all that she did for ProShare and wish her well in her new role at Aon. As we finalise the recruitment of her successor, it falls to me to write for this edition of the newsletter.

Although the ‘Chinese curse’ in the title is almost certainly apocryphal, we are certainly living in interesting times at the moment. Life has changed for most of us, and over a very short period. As I write, at the beginning of July, it is only six months since few, if any, of us had heard of COVID-19 and we were all making plans for 2020 very few of which now survive, at least in their planned form. For us at ProShare, this has meant moving our conference on 1<sup>st</sup> October to a virtual basis and consequent re-planning of the programme and of the event itself to create, as far as we can, those opportunities for networking that are such an important part of our market. More on this will follow shortly.

I don’t want to join those who are drawing comparisons between our current situation and wartime – they are completely different – but it made me wonder whether it is when we are under pressure to deliver something urgently, that many people are best able to do so. I saw a programme the other day on the history of aviation and one point that struck me was how far aeroplane design changed during the two world wars: from the concoction of wood and string that constituted an

aeroplane in 1914 to something in which Alcock and Brown could fly the Atlantic in 1919; and from the biplane fighters of the late 1930s (immediately before the Spitfire) to the early jet planes and rockets of 1945. Interestingly, in the, admittedly short, period between those two spurts of activity relatively little changed.

And we are making changes under pressure now. Who amongst us would have thought, back in February, that so many of us would be full-time working from home – and with, for many, relatively little impact on their effectiveness? COVID-19 has brought significant changes to the way in which we all work. As I observed in a recent article for the Institute journal, this is the time to start thinking about the future. To what extent are the changes that we have made the product of the ‘slings and arrows of outrageous fortune’ over which we have no control and to which we can only respond, and to what extent do they represent the faster implementation of changes that would have come in time, but have been hastened by events? To what extent are they ‘Heath-Robinson’ solutions designed to make the best of a bad situation, where we will revert to the status quo as soon as we can, or brilliant innovations which we will retain even after the COVID-19 pandemic has left us? I believe that deciding which changes to retain and which to revert will be a key task of the immediate post-COVID period.

### **Parliamentary engagement**

Another impact of COVID-19 has been to increase our engagement with Government and regulators. Activity in Parliament and Whitehall has seen a great focus on the UK response to COVID-19 and that has meant ministers and their officials reaching out to business for feedback on the impacts on our areas of expertise. We have engaged with both the Department for Business, Energy and Industrial Strategy (BEIS) and Her Majesty’s Revenue and Customs (HMRC) to remedy issues arising from the current pandemic and lockdown, as well as contacting the new Labour front bench over our broader policy asks.

We were delighted to see one strand of this activity bear fruit when, on 2<sup>nd</sup> July in the Report stage of the House of Commons progress of the Finance Bill 2020, Jesse Norman, Financial Secretary to the Treasury, introduced on behalf of the Government a clause creating a “time-limited exception to the disqualifying event rule so that EMI option holders who can no longer meet the EMI working time requirement due only to the pandemic are not forced to forfeit their options or to exercise them earlier than planned.”

This new clause will protect those members of an EMI scheme who have been furloughed and therefore unable to do any work for their employer, who thus would have failed to meet the EMI

qualifying condition on working time of at least 25 hours per week (or, if less, 75% of their working time). This is an important concession for the 34,000 individuals affected, working in 12,000 companies, who will not forfeit their options or be forced to exercise them within the statutory 90 days normally required. The changes have effect backdated to 19<sup>th</sup> March.