

Cabinet News and Views

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Former Non-Executive Chairman of UK-Listed Company Fined for Unlawfully Disclosing Inside Information as a Result of Negligence



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Christopher Gent, a former CEO of Vodafone Group plc and non-executive Chairman of GlaxoSmithKline plc, was appointed as the non-executive Chairman of ConvaTec Group Plc (“ConvaTec”), a company admitted to trading on the London Stock Exchange (“LSE”), in October 2016 and held this position until retirement in May 2019. In his role, Mr. Gent was responsible for governance over, and closely involved in the preparation of, ConvaTec’s issuance of key company news (“RNS”) announcements to the LSE. In October 2018, Mr. Gent previewed the release of an expected RNS announcement relating to the downward revision of ConvaTec’s financial guidance and the retirement of ConvaTec’s CEO before such information had been announced to the market. The disclosures were made to two individuals in senior positions at two of ConvaTec’s major shareholders under the belief that it was in the best interests of ConvaTec that these investors received the information ahead of the public announcement (which was made five days after the private communications). The UK Financial Conduct Authority (“FCA”) determined that Mr. Gent’s actions amounted to an unlawful disclosure of inside information and that he therefore committed market abuse in breach of the UK Market Abuse Regulation (“MAR”). He was fined £80,000.

The factors relevant to the FCA’s assessment over the conduct at issue were that Mr. Gent was an experienced industry professional and held a senior position within his organization. In concluding that the market abuse was committed negligently, the FCA maintained that “[h]aving received relevant training on MAR from ConvaTec’s external legal advisers [...], and based on his own considerable experience and position, Sir Christopher should have realised that the information he disclosed amounted, or may have amounted, to inside information and that it

was not in the normal exercise of his employment, profession or duties selectively to disclose it. Sir Christopher failed properly to apply his mind to the specific question of what information, if any, he might properly disclose, as well as when, in what manner and to whom, and he failed to obtain clear, formal advice regarding this question, before making the disclosures.” The FCA acknowledged and accepted Mr. Gent’s explanation that he believed that he was acting in the best interests of ConvaTec in his role as its Chairman by making the disclosures, yet this could not excuse his actions because the FCA resolved that his conduct undermined investor confidence in the integrity of financial markets.

The FCA final notice (issued on August 5, 2022) is available [here](#).
