Governance *in Brief*

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JPMorgan Chase takes over failed First Republic Bank

JPMorgan Chase has acquired the assets and deposits of First Republic Bank after California authorities seized and auctioned the troubled lender. The Federal Deposit Insurance Corporation ("FDIC"), an independent governmental agency established to maintain financial stability through the insurance of banks' deposits, took possession of First Republic Bank after the lender suffered a severe liquidity crisis following the failure of SVB and Signature Bank earlier in March. The default of the two banks caused investors to transfer their funds from smaller lenders to larger and safer banks, resulting in USD 100 billion in deposit outflows from First Republic. The takeover deal will see JPMorgan pay USD 10.6 billion to FDIC to acquire First Republic and return USD 25 billion of the USD 30 billion the lender received in lifeline deposits from other U.S. banks. FDIC will cover 80% of First Republic's losses, for an amount estimated at USD 13 billion, and will grant USD 50 billion in financing to JPMorgan.

Reuters | NYT | WSJ | CNN |

UK regulator plans listing rules revamp to boost attractiveness

The UK FCA is considering simplifying listing rules to attract more companies following a 40% drop in listings since 2018. Recently, the decision by British chip designer Arm to list in the U.S. raised additional concerns over the attractiveness of the UK market. Under FCA's proposals, the current "standard" and "premium" listing segments would be replaced by a single listing category. The proposal would also bring the removal of compulsory shareholder votes for related party transactions and a more permissive approach to dual class share structures.

FCA (1) | FCA (2) | Sky | Lexology

First Horizon, Toronto-Dominion Bank drop merger plans

Canadian lender Toronto-Dominion Bank and U.S. bank First Horizon Corp have abandoned their merger plan, triggering a 36% drop in the First Horizon stock price. The deal was cancelled due to uncertainty regarding the timeline for regulatory approvals. The regulators' concerns have reportedly been prompted by Toronto-Dominion's handling of suspicious transactions in the past years. Under the terms of the termination agreement, Toronto-Dominion Bank will make a USD 200 million cash payment to First Horizon, in addition to paying a USD 25 million reimbursement fee. Toronto-Dominion agreed to buy First Horizon in February 2022 for USD 25 a share.

WSJ | Reuters | CNN | Yahoo | PRNW

Enel appoints gov't Chair nominee amidst investor concerns

Shareholders of Italian utility Enel have elected Paolo Scaroni as the new board Chairman despite opposition from investors and proxy advisors. Scaroni was nominated by the Italian government, Enel's largest shareholder with a 23.6% stake. Scaroni's candidacy had been challenged, as his former service as CEO of Enel made him a non-independent candidate while his role as former CEO of Eni raised concerns over his ties with Russian energy businesses. UK hedge fund Covalis Capital had submitted an alternative slate, including former finance executive Marco Mazzucchelli as independent Chairman, that failed to secure any board seat.

Reuters (1) | Reuters (2) | WSJ | Bloomberg

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