

Meeting of the Corporate Governance Expert Group



QUOTED
COMPANIES
ALLIANCE

To be held on: Tuesday 12 March 2019, 9.00am – 10.30am

Venue: Deloitte, 1 New Street Square, London EC4A 3HQ

AGENDA

1. Marcus Stuttard, Head of AIM at London Stock Exchange as guest speaker to give an update on corporate governance and AIM companies.

2. Apologies

3. Minutes of the last meeting (20 November 2018)

4. Issues for discussion

- a) Next steps for the QCA Corporate Governance Code.
- b) Review of the current QCA Corporate Governance Expert Group *Terms of Reference*. Does it reflect the current priorities and nature of the group?
- c) Future meetings and speaker priorities for 2019.

2. Communications (information only)

- a) The project for updating the QCA Committee Audit Guide is progressing and is on course for release in the first half of this year.
- b) Henley Business School have been commissioned by the QCA and Downing LLP to undertake a research project to understand the role that NEDs play in smaller, growth companies. They are currently in the process of collating the findings from the interviews and focus groups they conducted and will be released in the first half of this year.
- c) The QCA reviewed (in December 2018) which corporate governance codes AIM companies has adopted:
 - i. 89% follow the QCA Corporate Governance Code
 - ii. 6% follow the FRC's UK Corporate Governance Code
 - iii. 5% follow a range of other codes, such as those of another country or territory
- b) The QCA has contributed recent consultation responses on:
 - i. BEIS informal consultation on the Revised Shareholder Rights Directive draft statutory instrument covering additional requirements on directors' remuneration reporting.

- ii. Treasury Committee inquiry on the future of financial services in the UK.
 - iii. FCA consultation on Patient Capital and Authorised Funds
 - iv. FCA consultation on Climate Change and Green Finance
 - v. BEIS consultation on Ethnicity Pay Reporting
- c) The QCA/Peel Hunt Mid and Small-Cap Investor Survey was published in February 2019. Some of the key findings include:
- i. 62% of investors report that there is less research being produced on small and mid-caps since MiFID II came into effect.
 - ii. 86% of investors expect there to be fewer broking houses in the next 12 months as a result of MiFID II.
 - iii. Companies are taking action – 90% say they either have, or plan to, develop their corporate website to improve visibility to investors. Investors say that holding a capital markets day is the best way to improve visibility.
- d) The results of the QCA's Small & Mid-Cap Sentiment Index for H2 2018 were released in December 2018. Findings included:
- i. Small and mid-caps remain optimistic about their own prospects - 74% expect to increase the number of employees in the next 12 months
 - ii. 47% of small and mid-caps plan to raise capital in the next 12 months
 - iii. 67% of companies and 72% of advisors believe the new AIM Rule 26 (requiring companies to adopt a recognised corporate governance code) will improve the integrity of AIM.

5. Any other business

Next meeting: Tuesday 14 May 2019, 9.00am – 10.30am. Venue: Charles Russell Speechlys LLP, 5 Fleet Place, London, EC4M 7RD