

held on Tuesday 19 March 2013 at 4:30pm at the offices of Wedlake Bell LLP,
52 Bedford Row, London, WC1R 4LR

Present:	Edward Craft (Chair)	Wedlake Bell LLP	EC
	Peter Swabey	Equiniti	PS
	Julie Stanbrook	Hogan Lovells LLP	JS
	David Fuller	CLS Holdings plc	DF
	Victoria Barron	Hermes Equity Ownership Services	VB
	Colin Jones	UHY Hacker Young	CJ
	Alexandra Hockenhull	Xchanging plc	AH
	Kate Jalbert	Quoted Companies Alliance	KJ
	Dan Burns	McguireWoods	DB
	Kate Elsdon	PricewaterhouseCoopers LLP	KE
	David Isherwood	BDO LLP	DI
	Anita Skipper	Aviva Investors	AS
	Cliff Weight	MM & K Limited	CW
	Andrew Hobbs	Ernst & Young LLP	AH
Observer:	Peter Fitzwilliam	Mission Marketing	PF
In attendance:	Katherine Keenan (minutes)	Wedlake Bell LLP	KK
	Shveta Nehra	Wedlake Bell LLP	SN

1. APOLOGIES

Apologies were received from Nick Janmohamed, Dalia Joseph, David Firth, Eugenia Unanyants-Jackson, Edward Beale, Clive Garston, Deepak Reddy, Claire Noyce, Nick Graves, Melanie Wadsworth and Tim Ward.

2. MINUTES OF THE LAST MEETING (15 JANUARY 2012)

No comments.

3. CORPORATE GOVERNANCE GUIDELINES FOR SMALLER QUOTED COMPANIES

(a) Update on the working group meetings

EC thanked all of the members for their contributions to the Code and asked for final comments by Monday 25 March.

Discussions on the following points took place:

- the definition of 'corporate governance' and it was felt that the word 'management' should be included before the word 'framework'

- the phrase 'risk appetite' used in numbered principle 2 of the 12 principles was thought to be ambiguous and required clarification to the reader, therefore it was agreed that the word 'appetite' should be deleted
- how much detail on risk management should be included in the Code and it was decided that a discussion on overall risk management and the communication of risk would suffice
- whether the term 'legal' duty should be included in the Code and the preface should include a statement confirming that the Code does not re-iterate legal obligations or regulatory requirements – a statement that the Code generally does not repeat legal obligations was included
- how the Code should prescribe board composition and it was agreed that a minimum number of non-executive directors on the board should be included and then comply or explain applied
- the inclusion of a statement in the preface explaining the choice of the masculine pronoun throughout the Code is to be drafted
- whether annual re-election should be included in the Code: it was decided that where appropriate the board should discuss this with the shareholders as it is part of a wider investor perspective
- guidance in relation to directors' pay by way of issue of company shares needs to be in line with the Remuneration Committee Guide previously published by the Quoted Companies Alliance
- the Code needs to be consistent when talking to either 'you as a director' or 'the company and its shareholders' and the latter is the preferred terminology
- it is important that the Code is clear about which type of companies it is relevant to
- the consideration of investor relations and in particular the role of the company secretary acting as a conduit for the board on matters of investor relations should be included in the Code
- KJ and EC to check minimum disclosures and confirm DTRs do not apply to companies with securities traded on AIM

KJ/EC

(b) Launch of revised guide

KJ expects the Code to go to print in mid 12 April and the launch of the Code is scheduled for 1 May at LSE, sponsored by Wedlake Bell.

4. CONSULTATIONS AND CURRENT ISSUES

(a) Financial Reporting Council – Draft Plan and Budget 2013 (Response Date: 28 March 2013)

The Financial Reporting Expert Group has volunteered to draft a response. KJ to review and collate responses and circulate a draft response. **KJ**

(b) Financial Reporting Council – Implementing the Recommendations of the Sharman Panel (Response Date: 28 April 2013)

KJ noted that Matthew Stallabross, Chairman of the Financial Reporting Expert Group, is drafting the QCA response, but would like input from the Corporate Governance Expert Group. AH and DI will feed in views. KJ will circulate the draft response to the whole group for comment. **KJ**

(c) Other

CJ is leading the drafting of the Audit Committee Guide. KJ has asked for volunteers who will assist CJ with writing the guide.

ALL

5. COMMUNICATION AND FUTURE MEETINGS

(a) Guest invitations for future meetings

None currently proposed. Please could we devote some time to consider guests.

(b) Policy Update (Feb 13) – for information only

KJ explained that there was a recent policy update meeting and a document had been circulated as a result.

(c) Mandatory Greenhouse Gas Reporting Seminar – Breakfast – 6 March 2013

EC thanked VB for speaking at the seminar and confirmed that when the GHG Reporting Regulations are published, EC, VB and Andrew Prosser of Verco to consider preparing a further update for QCA members.

(d) QCA/BDO Small and Mid-Cap Sentiment Index – February 2013

KJ noted that the QCA/BDO Sentiment Index was published in February.

6. AOB

Information for noting

Consultation Update – Responses submitted:

(a) BIS House of Commons Select Committee – The Kay Review of UK Equity Markets and Long-Term Decision-Making Enquiry (RD: 18 January 2013).

7. Action Points

Action	Person	Timetable
Amend QCA Code re discussions at the meeting	KJ and EC	ASAP
Circulate a draft response to the FRC Draft Plan and Budget	KJ	Before 28 March 2013
Circulate draft response to the FRC's consultation on the Sharman Recommendations	KJ	Before 28 April 2013
Volunteers needed for the Audit Committee Guide Working Group	ALL	ASAP

Date for next meeting:

Tuesday 14 May 2013 (4pm)

Venue: Wedlake Bell LLP, 52 Bedford Row, London, WC1R 4LR

Host: Edward Craft