

Minutes of the QCA Legal Expert Group

**QUOTED
COMPANIES
ALLIANCE**

Held on: Tuesday 27 November 2018

Venue: Charles Russell Speechlys LLP, 5 Fleet Place, London, EC4M 7RD

Present:

Mark Taylor (Chair)	Dorsey & Whitney	MT
Danette Antao	Hogan Lovells International LLP	DA
Daniel Bellau	Hamlins LLP	DB
Philippa Chatterton	CMS	PC
Murdoch Currie	Bates Wells & Braithwaite LLP	MC
Sarah Hassan	Practical Law Company Limited	SH
David Hicks	Charles Russell Speechlys LLP	DH
Martin Kay	Blake Morgan	MK
Julie Keefe	Norton Rose Fulbright LLP	JK
Nicola Mallett	Lewis Silkin	NM
Nicholas McVeigh	Mishcon De Reya	NMc
Gary Thorpe	Clyde & Co LLP	GT
Tim Ward	Quoted Companies Alliance	TW
Anthony Robinson	Quoted Companies Alliance	AR
Callum Anderson (minutes)	Quoted Companies Alliance	CA

In attendance:

Charles Marquand	4 Stone Buildings	CM
Samantha Green	Quoted Companies Alliance	SG
Max Simmonds	Quoted Companies Alliance	MS
Mark Wheeler	Hills and Dickinson LLP	MW

1. WELCOME TO CHARLES MARQUAND, 4 STONE BUILDINGS

MT welcomed CM to the meeting.

MT briefly summarised the contents of CM's talk at the April 2018 meeting and noted that much had changed in the intervening period including, of course, the proposed deal submitted by the prime minister to the UK Parliament.

CM reaffirmed the importance of the financial services sector to the UK economy.

He noted recent developments such as Deutsche Bank moving the clearing for half of its Euro denominated contracts to Frankfurt, while London Stock Exchange Group moving one-fifth of its £13 billion sovereign bond business to Milan. There was consensus that this showed that the prospect of Britain leaving the EU's economic frameworks had affected the decisions of the largest financial institutions.

CM did note however that Brexit was not likely to have a negative effect (indeed rather neutral or, potentially, positive) on the ability of small and mid-sized quoted companies' ability to raise capital due to the fact that the majority of their investors were UK based already. However, the same could not necessarily be said for

these companies' broader economic prospects, as they would undoubtedly be affected by the UK's economic general condition.

With respect to post-Brexit arrangements, CM briefly explained the concepts of and differences between *equivalence* and *enhanced equivalence*. There was a brief exchange between CM and the Expert Group regarding the disadvantages and advantages of such arrangements. It was noted that *equivalence* could be withdrawn with just 30 days' notice by the European Commission (although this had never actually been done).

There was a discussion about the impact on UK policy and regulation making any *equivalence* arrangement would have as and when the EU decided to amend existing regulation. Would the UK be expected to change their rules accordingly in order to be equivalent? It was noted by some members of the Expert Group that the UK had in fact led the EU debate on aspects of recent regulatory developments with respect to financial services (market abuse, for example).

CM explained the parliamentary approval process for the deal to be laid before Parliament by the prime minister. He then briefly summarised the proposed Withdrawal Agreement between the UK and the EU.

CM dedicated particular focus on the various potential next steps (that is – the alternatives open to Britain vis-à-vis its relationship with the EU) if Parliament were to reject her deal.

Please note that a pdf of CM's notes which contain all detailed content of the above-mentioned discussions were circulated to all Expert Group members on 27 November 2018.

MT thanked CM for his time. CM left the meeting.

2. APOLOGIES

Apologies were received from Andrew Chadwick, Simon Cox, Jonathan King, Maegen Morrison, Catherine Moss, Nicholas Narraway and Tim Ward.

3. MINUTES OF LAST MEETING (11 September 2018)

The minutes were approved.

4. ISSUES FOR DISCUSSION

	ITEM	ACTION
a)	<p>Takeover Panel consultation – Asset valuations</p> <p>MT noted that the consultation had been circulated to Expert Group members for comments. He encouraged members to send any comments they have to the QCA team by 4 December 2018.</p>	<p>CA to circulate draft response to the Expert Group.</p> <p>ALL to send comments to draft response.</p>
b)	<p>Takeover Panel consultation – The United Kingdom’s withdrawal from the European Union</p> <p>MT noted that the consultation had been circulated to Expert Group members for comments. He encouraged members to send any comments they have to the QCA team by 11 December 2018.</p>	<p>CA to circulate draft response to the Expert Group.</p> <p>ALL to send comments to draft response.</p>
c)	<p>Brexit</p> <p>This was discussed in 1).</p>	None.

5. COMMUNICATIONS AND FUTURE MEETINGS

	ITEM	ACTION
a)	<p>Policy Update (October 2018)</p> <p>This was tabled for information only and was not discussed.</p>	
b)	<p>Guest invitations to future meetings</p> <p>The following were suggested: the chair/deputy chair of the Share Schemes Expert Group come along to discuss the work of their members; and someone from the international division of the Financial Conduct Authority (FCA).</p>	CA to invite guests to meetings.

6. ANY OTHER BUSINESS

MT thanked those who provided comments to the group’s response to ESMA’s draft guidelines on risk factors under the Prospectus Regulation.

7. NEXT MEETING

Tuesday 22 January 2019, 9.00am – 10.30am (Venue: Mishcon De Reya LLP, Africa House, 70 Kingsway, London, WC2B 6AH).