

Meeting of the Legal Expert Group



QUOTED
COMPANIES
ALLIANCE

To be held on: Tuesday 19 March 2019, 9.00am – 10.30am

Venue: Hill Dickinson LLP, The Broadgate Tower, 20 Primrose Street, London, EC2A 2EW

AGENDA

1. Sir Adrian Montague as guest speaker to give an update on the latest work of the Pre-Emption Group.

2. Apologies

3. Minutes of the last meeting (27 November 2018)

4. Issues for discussion

- a) AIM companies and IPO's – current sentiment and predictions. Invitation for expert group members to share views and experiences of the market.
- b) Review of the current QCA Legal 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 QCA contributed comments to BEIS on an informal consultation on the Revised Shareholder Rights Directive draft statutory instrument covering additional requirements on directors' remuneration reporting.
- b) The QCA submitted an initial response to the Treasury Committee's consultation on the future of financial services in the UK.
- c) A QCA review in December 2018 of which corporate governance codes AIM companies follow found that:
 - 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/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.

- c) The results of the QCA’s Small & Mid-Cap Sentiment Index for H2 2018 were released in December. 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.

- d) The project for updating the QCA Committee Audit Guide is progressing and is on course for release in the first half of this year.

- e) 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.

5. Any other business

Next meeting: Tuesday 21 May 2019, 9.00am – 10.30am, Blake Morgan, 6 New Street Square, London, EC4A 3DJ