

## Minutes of the QCA Corporate Governance Expert Group

**QUOTED  
COMPANIES  
ALLIANCE**

**Held on:** Tuesday 4 September 2018

**Venue:** Norton Rose Fulbright LLP, 3 More London Riverside, London, SE1 2AQ

### **Present:**

Will Pomroy (Chair)	Hermes Investment Management Limited	WP
Tracy Gordon (Deputy Chair)	Deloitte LLP	TG
Jo Chattle	Norton Rose Fulbright LLP	JC
Jonathan Compton	BDO LLP	JC
Peter Fitzwilliam	The Mission Marketing Group PLC	PF
David Fuller	CLS Holdings PLC	DF
Nick Gibbon	DAC Beachcroft LLP	NG
David Hicks	Charles Russell Speechlys LLP	DH
Angela Johnston	CMS	AJ
Damien Knight	MM & K Limited	DK
Darius Lewington	LexisNexis	DL
Darshan Patel	Hybridan LLP	DP
Philip Patterson	PricewaterhouseCoopers LLP	PP
Daniel Redman	Design Portfolio	DP
Carmen Stevens	Jordans Limited	CS
Tim Ward	Quoted Companies Alliance	TW
Anthony Robinson	Quoted Companies Alliance	AR
Callum Anderson (minutes)	Quoted Companies Alliance	CA

### **In attendance:**

Andrew Death	BEIS	AD
Gemma Johnson	BEIS	GJ
Caroline Pearce	Practical Law Company Limited	CP
Peter Swabey	ICSA: The Governance Institute	PS

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## **1. WELCOME TO ANDREW DEATH AND GEMMA JOHNSON OF THE DEPARTMENT FOR BUSINESS, ENERGY AND INDUSTRIAL STRATEGY (BEIS)**

WP welcomed AD and GJ to the meeting.

AD explained that BEIS civil servants were continuing to work on the 800 Statutory Instruments (SIs) required to facilitate a 'No-deal' Brexit scenario. He added that the SIs were expected to be laid in Parliament at the end of October 2018.

AD explained that his team were responsible for the following areas: European Economic Interest Groups; companies established as Societas Europaea; European Groups of Territorial Control (EGTCs); and general company law issues, such as the Companies Act, shareholder rights and incorporation requirements.

AD confirmed that companies currently instituted as a Societas Europaea would be able to convert to being a plc.

AD emphasised that the department's principal objective was to maintain continuity for companies in any event.

AD noted that UK businesses would be unable to conduct cross-border mergers; he added that the government may seek to replicate this after Brexit has taken place, although this would require primary domestic legislation.

AD noted that 25 technical notices – including one regarding company law – would be published by BEIS at the end of September 2018.

AD gave a brief summary of BEIS's role in the UK's negotiations with the EU; he noted that the areas covered included audit and accounting regulations, and company law.

AD and the Expert Group exchanged views on the desirability and probability of various Brexit scenarios, as well as Britain's readiness (both government departments and businesses).

AD also highlighted that BEIS was in the process of developing a proposal that would create an Endorsement Board, which would be responsible for endorsing international financial reporting standards in the UK. TW encouraged BEIS to ensure that any Endorsement Board (EB) was underpinned by the principle of proportionality. That is - it was vital that the needs of smaller issuers and smaller audit firms be taken into account when the EB was taking decisions. The Expert Group offered its expertise in supporting BEIS draft any legislation in this regard.

AD and the Expert Group briefly discussed Sir John Kingman's independent review of the FRC. AD explained that he (and other civil servants at BEIS) had no knowledge of what would be included in the final recommendations, but that they would be unveiled in December 2018.

The Expert Group thanked AD and GJ for their time. AD and GJ left the meeting.

## **2. APOLOGIES**

Apologies were received from Danette Antao, Amanda Cantwell, Louis Cooper, Edward Craft, Nick Graves, Ian Greenwood, Alexandra Hockenhull, Colin Jones, Peter Kohl, Kalina Lazarova, Marc Marrero and Julie Stanbrook.

## **3. MINUTES OF LAST MEETING (10 July 2018)**

The minutes were approved.

#### 4. ISSUES FOR DISCUSSION

	ITEM	ACTION
a)	<p><b>QCA Corporate Governance Code</b></p> <p>TW noted that the changes to the AIM Rule 26 would be coming into force on 28 September 2018.</p> <p>TW explained that the QCA had received positive feedback on the QCA Code from a wide range of stakeholders.</p> <p>TW added that research had indicated that approximately 80% of companies (c.700 companies).</p> <p>TW also mentioned that a forthcoming OECD report on proportionate corporate governance codes would include a case study covering the QCA Code.</p> <p>AR noted that the QCA would be running another workshop on how to apply the QCA Code effectively on 13 September 2018.</p> <p>AR added that QCA members were now able to take advantage of a new online appraisal tool developed by Evalu8, which assesses their application for both the QCA Corporate Governance Code and the UK Code.</p>	None at this stage.
b)	<p><b>The Wates Corporate Governance Principles for Large Companies</b></p> <p>CA noted that a draft response had been circulated to Expert Group members and encouraged comments to be sent before the 7 September 2018 deadline.</p>	<b>ALL</b> to send comments to draft response.

#### 5. COMMUNICATIONS AND FUTURE MEETINGS

	ITEM	ACTION
a)	<p><b>FRC publishes revised Guidance on the Strategic Report</b></p> <p>This was tabled for information only and was not discussed.</p>	None.
b)	<p><b>Inside AIM - Preparation for Corporate Governance Changes</b></p> <p>This was tabled for information only and was not discussed.</p>	
c)	<p><b>BEIS Committee report on gender pay gap reporting</b></p> <p>This was tabled for information only and was not discussed.</p>	

d)	<p><b>ISS Annual Global Policy Survey [deadline passed]</b>  <b>ISS Policy Application Survey: EMEA [RD: 21 September 2018]</b></p> <p>This was tabled for information only and was not discussed.</p>	None.
e)	<p><b>Guest invitations to future meetings</b></p> <p>It was agreed that the BEIS official responsible for the proposed Endorsement Group for financial reporting standards should be invited to the next meeting (possibly in conjunction with the QCA Financial Reporting Expert Group).</p>	<b>CA</b> to organise guest speaker.
f)	<p><b>Policy Update (August 2018)</b></p> <p>This was tabled for information only and was not discussed.</p>	None.

## 6. NEXT MEETING

Tuesday 20 November 2018, 9.00am – 10.30am (Venue: *tbc*)