

Held on: Tuesday 5 September 2017

Venue: Wedlake Bell LLP, 71 Queen Victoria St, London, EC4V 4AY

Present:

Edward Craft (Chair)	Wedlake Bell LLP	EC
Colin Jones (Deputy Chair)	UHY Hacker Young	CJ
Edward Beale	Western Selection Plc	EB
Amanda Cantwell	Practical Law Company Limited	AC
Jo Chattle	Norton Rose Fulbright	JC
Jonathan Compton	BDO LLP	JCo
Louis Cooper	Crowe Clark Whitehill LLP	LC
Peter Fitzwilliam	The Mission Marketing Group PLC	PF
Nick Gibbon	DAC Beachcroft LLP	NG
Tracy Gordon	Deloitte LLP	TG
David Hicks	Charles Russell Speechlys LLP	DH
Daniel Jarman	BMO Global Asset Management (EMEA)	DJ
Darius Lewington	LexisNexis	DL
James Lynch	Downing LLP	JL
Marc Marrero	Stifel	MM
Philip Patterson	PricewaterhouseCoopers LLP	PP
Daniel Redman	Design Portfolio	DR
Anita Skipper	Aviva Investors	AS
Julie Stanbrook	Hogan Lovells International LLP	JS
Nicholas Stretch	CMS	NS
Callum Anderson (minutes)	Quoted Companies Alliance	CA

In attendance:

Stephen Webster	BEIS	SW
Narkess Aralova	Jordans Limited	NA

1. WELCOME TO STEPHEN WEBSTER, DEPARTMENT FOR BUSINESS, ENERGY AND INDUSTRIAL STRATEGY (BEIS)

EC welcomed SW to the meeting.

SW briefly summarised the recent government action regarding PSC registers and beneficial owners. He explained that a 2013 G8 summit had agreed a package of measures to increase transparency of companies with the objective of tackling tax evasion and anti-money laundering.

SW noted that the UK had played a leading role in this area; London had hosted a conference in May 2016, where participating countries agreed a common approach to tackling

corruption. SW added that the government's principal objective was to present the UK as a transparency place to do for business.

SW explained that the Financial Action Task Force (FATF) would be reviewing the UK government's work on transposing fourth Anti-Money Laundering Directive (4AMLD).

SW gave an overview of the main features of the new PSC regime and highlighted that the exemption for companies subject to Rule 5 of the Disclosure Guidance and Transparency Rules (DTR5). He also emphasised that the government had sought to implement the new regime with minimum impact on companies.

SW also summarised the main features of 4AMLD. He highlighted that the article protecting the UK's financial services sector from money laundering abuses had been of particular interest for the government.

SW noted that, as of June 2017, only eleven EU member states had fully transposed 4AMLD; three had done so in part; and fourteen had taken no steps to implement the directive.

SW and the Expert Group exchanged views on the how the current PSC regime had been working over the last twelve months, as well as elements of the fifth Anti-Money Laundering Directive (5AMLD), such as those regarding trusts, prepaid cards and electronic money, may be assimilated into the current requirements.

SW noted that the UK government expected to implement 5AMLD if such an agreement was reached within the next six to twelve months.

The Expert Group suggested that the definition of 'beneficial ownership' was flawed and enquired whether it would be reviewed. SW acknowledged the flaws that existed, but indicated that it was highly unlikely to be changed in 5AMLD.

The Expert Group also queried whether the government would consider updating its guidance on the PSC regime. SW explained that BEIS was assessing whether it should do so in light of the recent changes to the regime.

SW and the Expert Group discussed how the government had been enforcing the new requirements of the PSC regime. SW explained that the government had not taken any court action yet. However, he added that the first prosecutions could take place in mid-2018.

SW left the meeting.

2. APOLOGIES

Apologies were received from Nigel Brown, Richie Clark, Rory Cray, David Fuller, Nick Graves, Alexandra Hockenhull, Peter Kohl, Darshan Patel, Carmen Stevens, Peter Swabey, Melanie Wadsworth, Tim Ward and Kerin Williams.

3. MINUTES OF LAST MEETING (11 July 2017)

The minutes were approved.

4. ISSUES FOR DISCUSSION

	ITEM	ACTION
a)	<p>AIM Rules Review</p> <p>EC noted that CA had circulated a number of drafts to the Expert Group and requested that Expert Group members reviewed the two draft responses on corporate governance prior to the 8 September 2017 deadline.</p>	<p>CA to circulate final draft response to the Expert Group.</p> <p>ALL to send their comments to the draft response to CA.</p>
b)	<p>Government announces plans to reform UK corporate governance</p> <p>EC explained that BEIS had published its statement on corporate governance reforms. The Expert Group noted that quoted companies will be required to annually report the pay ratio between the CEO and the average worker, explaining any changes to that ratio year-to-year.</p> <p>There was also a brief discussion on the potential impact of plans to require companies of significant sizes explain how their directors comply with the requirements of section 172 to have regard to employee and other interests.</p> <p>The Expert Group also exchanged views on the potential impact of employee participation at board level.</p>	<p>None to note.</p>
c)	<p>QCA Code</p> <p>EC explained that the Working Group would be meeting on 25 September 2017 to discuss a draft of the QCA Code, as well as determining the QCA Code's general future direction.</p>	<p>None to note.</p>
d)	<p>Brexit</p> <p>This was not discussed.</p>	<p>None to note.</p>

5. COMMUNICATIONS AND FUTURE MEETINGS

	ITEM	ACTION
a)	Future of the UK market structure for quoted companies This was tabled for information only and was not discussed.	None to note
b)	FRC updates Mission Statement This was tabled for information only and was not discussed.	None to note.
c)	Policy Update (August 2017) This was tabled for information only and was not discussed.	None to note.
d)	Guest invitations to future meetings It was suggested that, in light of the government's planned corporate governance reforms, someone from the FRC should be invited to discuss its plans for the UK Corporate Governance Code.	CA to invite guests to future meetings.

6. NEXT MEETING

Tuesday 17 October 2017, 9.00am – 10.30am (Venue: Wedlake Bell LLP, 71 Queen Victoria St, London, EC4V 4AY)