

Minutes of the QCA Corporate Governance Expert Group

**QUOTED
COMPANIES
ALLIANCE**

Held on: Tuesday 6 March 2018

Venue: Hogan Lovells International LLP, 50 Holborn Viaduct, London, EC1A 2FG

Present:

Will Pomroy (Chair)	Hermes Investment Management Limited	WP
Danette Antao	Hogan Lovells International LLP	DA
Edward Beale	Western Selection Plc	EB
Jo Chattle	Norton Rose Fulbright LLP	JC
Jonathan Compton	BDO LLP	JCo
Louis Cooper	Non-Executive Directors Association	LC
Nick Gibbon	DAC Beachcroft LLP	NG
Tracy Gordon	Deloitte LLP	TG
David Hicks	Charles Russell Speechlys LLP	DH
Damien Knight	MM & K Limited	DK
Peter Kohl	Kerman & Co LLP	PK
Darius Lewington	LexisNexis	DL
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:

Maria Gomes	Quoted Companies Alliance	MG
John Beresford-Peirce	Hybridan LLP	JBP
Sally Chandler	Prism Cossec	SC
Caroline Pearce	Practical Law Company Limited	CP
Rebecca Vine	Aviva Investors	RV
Andrew Death	BEIS	AD
Gemma Johnson	BEIS	GJ

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.

Company law and accounting policy

AD explained that BEIS was developing six Statutory Instruments covering company law and accounting policy. He noted that each prepared for three potential Brexit scenarios: (a) a 'no deal' scenario; (b) a scenario where there is 'low alignment' with the EU, and 'high control' for the UK to devise its own laws;

and (c) a scenario where there is high alignment with the EU, and 'low control' for the UK to devise its own laws.

AD noted that BEIS was also preparing UK versions of certain types of business entities (such as Societas Europaea and European economic interest groupings (EEIG)) so that affected companies would still be able to operate as currently after March 2019.

AD added that BEIS was also working to ensure that the domestic accounting regulations – UK GAAP – remained in fully operation after March 2019. He noted however that it was still considering the full range of options regarding international accounting standards (IFRS). He highlighted that these included the UK merely following all EU-endorsed IFRS, or, alternatively, the UK establishing its own endorsement process.

UK negotiations with the European Union

AD explained that one of the most significant challenges facing BEIS regarding the EU negotiations was with respect to the freedom of establishment and freedom to provide services. He explained that after March 2019, the UK will be considered a third country and that this could therefore affect how companies conduct their business in the EU. He briefly summarised how this could be a particularly big issue in Germany and Austria.

AD added that third countries with free trade agreements with the EU had negotiated varying degrees of freedom of establishment.

Discussion

AD and the Expert Group exchanged views on the prospect of the UK being unable to negotiate a deal with the EU. AD noted that this would likely be clear by the end of the upcoming European Council at the end of March 2018.

Regarding international accounting standards, several members of the Expert Group expressed the view that the best option would be for the UK to establish its own endorsement process for IFRS, so that all accounting standards work in the interests of UK companies.

AD and GJ left the meeting.

2. APOLOGIES

Apologies were received from Nigel Brown, Rob Burdett, Amanda Cantwell, Richie Clark, Edward Craft, Peter Fitzwilliam, Nick Graves, Alexandra Hockenhull, Daniel Redman, Anita Skipper, Julie Stanbrook, Nicholas Stretch and Kerin Williams.

3. MINUTES OF LAST MEETING (9 January 2018)

The minutes were approved.

4. ISSUES FOR DISCUSSION

	ITEM	ACTION
a)	<p>QCA Code</p> <p>CA explained that the QCA Corporate Governance Code had now been finalised and was now in the design phase. He added that once this would be followed by an informal consultation with Expert Group members and other external stakeholders before publication (target date: April 2018).</p> <p>TW noted that the QCA Corporate Governance Code would be shorter and more concise than previous editions; this would hopefully make it easier for companies to apply the Code.</p> <p>TW also added that the QCA was very open to ideas regarding how it could promote the use of the QCA Corporate Governance Code – particularly during the QCA’s Corporate Governance Forum in June 2018, and planned educational events.</p> <p>MG summarised the main structural and content changes to the QCA Corporate Governance Code.</p>	<p>ALL to send any ideas regarding how to promote the use of the QCA Corporate Governance Code to TW, AR, MG or CA.</p>
b)	<p>Brexit</p> <p>This was discussed in 1).</p>	<p>None.</p>

5. COMMUNICATIONS AND FUTURE MEETINGS

	ITEM	ACTION
a)	<p>FRC publishes results of Stakeholder Survey</p> <p>This was not discussed.</p>	<p>None.</p>
b)	<p>Companies House updates guidance regarding PSC requirements for companies and limited liability partnerships</p> <p>This was not discussed.</p>	<p>None.</p>
c)	<p>Guest invitations to future meetings</p> <p>The Expert Group suggested a number of potential speakers for future meetings including: a BEIS official to discuss the corporate governance Statutory Instruments mentioned in 1); a representative from London Stock Exchange to discuss the new AIM Rules; a representative from the</p>	<p>CA, TW, AR and WP to discuss speaker schedule programme for 2018.</p>

	<p>FRC to discuss the finalised UK Corporate Governance Code; and a representative from ISS to discuss their approach to corporate governance in light of the changes to the AIM Rules and the upcoming changes to the UK Corporate Governance Code.</p> <p>It was agreed that CA, TW, AR and WP would discuss a programme for 2018.</p>	<p>CA to invite guests to future meetings.</p>
d)	<p>Policy Update (October 2017)</p> <p>This was tabled for information only and was not discussed.</p>	<p>None.</p>

6. NEXT MEETING

Tuesday 22 May 2018, 9.00am – 10.30am (Venue: Hermes Investment Management, 150 Cheapside, London, EC2V 6ET)