

Held at 9am on Tuesday 24 February 2015

at the offices of UHY Hacker Young (London), Quadrant House, 4 Thomas More Street, London E1W 1YW

Present:	Edward Craft (Chairman)	Wedlake Bell LLP	EC
	Colin Jones (Deputy Chairman)	UHY Hacker Young	CJ
	Michael Conway	Western Selection Plc	MC
	Amanda Cantwell	Practical Law Company Ltd	AC
	Louis Cooper	Crowe Clark Whitehill/NEDA	LC
	Peter Fitzwilliam	Mission Marketing	PF
	Nick Gibbon	DAC Beachcroft LLP	NG
	Tracy Gordon	Deloitte LLP	TG
	Joanna Chattle	Norton Rose Fulbright LLP	JC
	Jayne Meacham	Jordans Limited	JM
	Peter Swabey	ICSA	PS
	Tim Ward	Quoted Companies Alliance	TW
	Kate Jalbert	Quoted Companies Alliance	KJ
	Maria Gomes (minutes)	Quoted Companies Alliance	MG

### 1. APOLOGIES

Apologies were received from Michael Brown, Anthony Carey, Richie Clark, Kelly Millar, Nick Graves, David Fuller, Andrew Hobbs, Andy Howell, Alexandra Hockenhull, James Hodges, David Isherwood, Nathan Leclercq, Caroline Newsholme, Claire Noyce, Julie Stanbrook, Bernard Wall, Nicholas Stretch, Cliff Weight and Jonathan Compton.

### 2. MINUTES OF THE LAST MEETING (13 January 2015)

The minutes were approved.

### 3. CONSULTATIONS

Consultation	Action	Lead
BIS Consultation: Audit regulations - discussion document on the implications of the EU and wider reforms	The group agreed that the key focus of our response should be the PIE definition.  MG explained that a Working Group of members of the Corporate Governance and Financial Reporting Expert Groups are drafting the QCA response.  MG to circulate draft response for comments.	Financial Reporting Expert Group / Corporate Governance Expert Group
FRC Consultation: Auditing and ethical standards implementation of the EU Audit Directive and Audit Regulation	The group agreed that the key focus of our response should be the PIE definition.  MG explained that a Working Group of members of the Corporate Governance and Financial Reporting Expert Groups	Financial Reporting Expert Group / Corporate

	are drafting the QCA response. MG to circulate draft response for comments.	Governance Expert Group
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#### 4. CURRENT ISSUES

##### a) Revision of QCA Remuneration Committee Guide for Small and Mid-Size Quoted Companies

EC updated the group on the progress made by the Remuneration Committee Guide Working Group. He explained that the Working Group has had its first meeting and defined workstreams. The Working Group decided to draft a survey for institutional investors on remuneration. EC mentioned that a roundtable discussion with remuneration committee chairmen would take place on 16 March, followed by a second meeting of the Working Group.

##### b) 4<sup>th</sup> Money Laundering Directive Proposal – progress update

This was discussed with item d).

##### c) Shareholders' Rights Directive Proposal – progress update

PS explained that the impact of this Directive will depend on the final definition of shareholder and whether beneficial owners will be included the definition or can remain covered by Member States' law.

##### d) Small Business, Enterprise and Employment Bill – progress update

EC explained that he is representing the QCA in Register of People with Significant Control (PSC Register) committee advising BIS on the drafting of guidance and non-statutory rights. EC explained that BIS updated the Working Group on the progress of the bill, which will be adopted by the end of March. EC added that he would circulate the presentation made by BIS to the Group.

EC

EC underlined the relevance of this bill for corporate directors and bearer shares. The PSC register should be in place as of 1 January 2016; it is anticipated that AIM companies will have to comply with these requirements due to the implementation of the 4<sup>th</sup> Money Laundering Directive into the UK. It will be therefore necessary to consider whether AIM companies should attempt to comply with the PSC requirements in advance.

The Working Group on the PSC register (led by PS) will assess the definition of PSC, significant influence and control and will produce guidance by October 2015.

EC added that there are areas where further thought is needed regarding the nature (e.g. regarding liability) and the definition of control (e.g. regarding insolvency of the company).

Companies will be required to update the information with the PSC register no more than annually; the working group will produce guidance on how the update will be processed.

PS added that there is a real incentive for this register from the enforcement community. He explained that while this register may not necessarily make it easier to identify the people responsible for crimes, this is perceived by the investigators as a helpful tool as 30% of the costs of criminal investigations are spent identifying responsible people.

## 5. COMMUNICATIONS AND FUTURE MEETINGS

	Document	Action/comments by CGEG
a)	European Commission Green Paper on Capital Markets Union	<p>KJ explained that this had been announced by Lord Hill during his hearing with the European Parliament. This Green Paper will give way to building a work programme going forward on this new Commission.</p> <p>The aim is to facilitate access to finance, particularly for growing companies. This Green Paper includes a consultation on the prospectus directive.</p> <p>A key aspect of the Green Paper is considering whether companies on SME Growth Markets should be allowed to use IFRS. TW added that corporate governance is also mentioned in the Green Paper, although not in depth, as it seems to put corporate governance within the sphere of company law and so remaining mostly within domestic laws and standards, within comply or explain and within domestic boundaries.</p> <p>KJ encouraged the Group to send her or MG any comments on corporate governance that they would like to see included in our response.</p> <p style="text-align: right;"><b>ALL</b></p>
b)	BIS Tracker Report 2014 on cyber-security survey of FTSE 350 firms	This was not discussed; the document was circulated for information only.
c)	FRC - Annual Review of developments in Corporate Governance and Stewardship for 2014	This was not discussed; the document was circulated for information only.
d)	BIS Written Ministerial Statement on proposed next steps following the closure of the discussion paper, 'Understanding the new requirements, recording control on the PSC register and protecting people at serious risk of harm'	This was not discussed; the document was circulated for information only.
e)	BIS current plans for the implementation of Parts 7 and 8 of the Small Business, Enterprise and Employment Bill (company transparency and filing requirements)	This was not discussed; the document was circulated for information only.

<b>f)</b>	Guest invitations to future meetings	The Group suggested that we could possibly invite someone from Commissioner Hill's Cabinet or BIS to one of our future meetings.  <b>MG/Chris Stapeley</b>
<b>g)</b>	Policy Update (December 2014)	This was not discussed; the document was circulated for information only.

## 6. AOB

The Group briefly addressed the need to discuss the key drivers for their work. EC explained the Group's planned work for this year: revising the Remuneration Committee guide and working on the Small Business, Enterprise and Employment Bill and the Shareholder Rights Directive and their impact on our constituency. A revision of the Corporate Governance Expert Group is scheduled for 2016.

EC added that the Group should also discuss this year how to take advantage of the AIM Rule 26 changes. KJ explained that she is developing a series of corporate governance themed events, which could include also a roundtable finding out how companies apply our code as well as feedback from AIM and institutional investors, which could then be used to revise the our Corporate Governance Code next year. EC suggested that this is scheduled for discussion in our next meeting.

**MG**

LC suggested the drafting of a list of key stakeholders for the Corporate Governance Expert Group, keeping track of who they are and how we interact.

**KJ/MG**

## 7. Actions

Action	Person	Timetable
Circulate the presentation made by BIS on the PSC Register	<b>EC</b>	ASAP
Send KJ/MG comments on corporate governance regarding the European Commission's Capital Markets Union Green Paper	<b>ALL</b>	ASAP
Invite guests from Commissioner Hill's Cabinet or BIS to one of our future meetings	<b>MG/Chris Stapeley</b>	ASAP
Add Discussion on Key Drivers of the Corporate Governance Expert Group to the agenda for the next meeting	<b>MG</b>	Before next meeting (14 April 2015)
Drafting a list of key stakeholders for the Corporate Governance Expert Group	<b>KJ/MG</b>	ASAP

## 8. INFORMATION FOR NOTING

### Date for next meeting:

Tuesday, 14 April (9am), with Philippa Foster-Back, Institute of Business Ethics (IBE), as guest (Venue: Wedlake Bell LLP, 52 Bedford Row, London WC1R 4LR)