

Present:

Paul Arathoon		PA
Simon Cox		SC
Maegen Morrison		MM
Sarah Hassan		SH
Mark Taylor		MT
Tom Shaw (Chair)		TS
David Hicks		DH
Maria Gomes (minutes)		MBG

In attendance:

Priya Sharma	(Financial Conduct Authority)	PS
Jamie Whitehorn	(Financial Conduct Authority)	JW
Jaspal Sekhon	(Speechly Bircham LLP)	JS
Matthew Gregory	(Norton Rose Fulbright LLP)	MG
Tim Wass	(Smith & Williamson)	TW

ACTIONS

1. Welcome to Priya Sharma and Jamie Whitehorn, FCA, to discuss MiFID

TS welcomed PS and JW and thanked them for coming to speak to the group.

JW explained that MiFID/MiFIR review is at a crossroads between level 1 and level 2: Member States have 24 months to transpose the Directive (1 January 2017), and ESMA has in parallel published a Consultation Paper (CP) and a Discussion Paper (DP), which will set up the strategic thinking for creating draft technical standards. While the DP will give way to a future consultation on the same issues, the CP is the last chance for stakeholders to influence some key aspects of ESMA's Technical Advice.

Regarding SME Growth Markets, included in the CP, JW explained that the SME Growth Market category is meant to be an 'EU-level wrapper' to raise companies' profiles and build confidence in the markets. The EU is shifting the focus from stability to growth and aiming to create a framework for MTFs that operate a primary market function for SMEs. JW explained that there was a strong view that there should be flexibility and the right level of discretion and standards, and that it should be left up to the markets to define aspects, such as internal systems and controls and financial reporting.

Regarding the 50% criterion for the market to qualify as SME Growth Market, JW explained that, in the case of an entirely new market, this requirement would not need to be satisfied; instead, the intention to meet the 50% criterion should be stated and the NCA would then accept and monitor how it works as a market. The 50% figure was set to make sure that markets with very large companies were not included.

The group asked how these changes would influence a review of the Prospectus Directive. JW explained that the link has not been made yet; however, there is hope that, when the Prospectus Directive comes up for review, there is a stronger case for more flexibility now that there is a market with more flexible requirements. JW added that the creation of a SME Growth Market category opens up an opportunity to look at other pieces of legislation, including the Prospectus Directive.

JW noted that the CP mentions an “appropriate admission document”, which keeps the debate open by leaving it to the discretion of regulators to say what is appropriate for that market and what the process should be for completeness review.

JW added that ESMA’s aim regarding SME Growth Markets is to create a regime to support companies across Europe with minimum harmonising.

JW advised the group to also consider responding to the trade transparency sections in the Discussion Paper, where there could be links between transparency and preserving liquidity. He added that the UK is particularly concerned about these and other aspects (e.g. how market data is treated and access to trading venues) which could have a significant impact in the UK market structure. JW stated that the FCA is working to ensure that the technical standards (also regarding SME Growth Markets) are well drafted.

TS thanked JW and PS and they left the meeting.

The group agreed that SME Growth Markets will be a good starting point to see positive changes in regulation and markets.

2. Apologies

Apologies were received from Gary Thorpe, Martin Kay, June Paddock, David Davies, Nick Jennings, Hilary Owens, Ben Warth, Kate Jalbert and Tim Ward.

3. Approve the minutes of the previous meeting (22 May 2014)

The minutes of the last meeting were approved.

4. Action points from the last meeting

Please refer to the list of actions at the end of this document.

5. Current consultations and issues

a) Consultation Paper on MiFID/MiFIR Technical Advice (RD: 1 August 2014)

MG noted that the QCA will be submitting a response to the CP on the section on SME Growth Markets and encouraged the group to submit comments on other areas they would like to address. PA kindly agreed to revise the draft.

ALL

b) Discussion Paper on MiFID/MiFIR draft RTS/ITS (RD: 1 August 2014)

MG noted that the QCA will be submitting a response to the DP, with the input from the Secondary Markets Expert Group, on the questions related to best execution (publication of data related to the quality of execution by trading venues for each financial instrument traded), pre- and post-trade transparency and tick sizes.

c) Prospectus Directive Working Group

MG explained that the trip to the European Commission to discuss facilitating SMEs’ access to finance and growth (and namely our draft proposals on the Prospectus Directive) will be taking place on 4 September 2014, and that members are welcome to send in their interest to participate.

ALL

6. Communications

a) Membership Drive

This was not discussed.

b) Guest invitations

This was not discussed.

c) Policy Update (June 2014)

This was tabled for information only.

7. Any other business

This was not discussed.

Information for noting

- Consultation update - responses submitted:

None to none.

- Next meeting

8.45am Thursday 25 September 2014 (Venue: Speechly Bircham LLP)

8. Actions

Action	Person	Timing
Submit comments on ESMA's Consultation Paper on MiFID/MiFIR Technical Advice	All	ASAP (RD: 1 August 2014)
Let MG know if anyone is interested in attending the trip to Brussels	All	Next meeting