

Present:

Paul Arathoon	PA
Ian Binnie	IB
Stephen Hamilton	SH
Nick Jennings	NJ
Sarah Hassan	SH
Donald Stewart	DS
Kate Jalbert	KJ
Maria Gomes (minutes)	MG

ACTIONS

1. Apologies

Apologies were received from Gary Thorpe, Richard Beavan, David Davies, Martin Kay, Julie Keefe, Simon Cox, Philip Lamb, Hilary Owens, June Paddock, Mark Taylor, Anthony Turner and Tim Ward.

2. Approve the minutes of the previous meeting (27 February 2014)

The minutes of the last meeting were approved.

3. Action points from the last meeting

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

4. Current consultations and issues

a) Prospectus Directive Working Group

KJ explained that the group has met twice and that the draft briefing note containing the QCA proposals is currently being updated to reflect the group's discussions on the major issues with the Prospectus Directive. One of the proposals is to simplify the disclosure requirements for companies doing a secondary offer, as the information is already in the public domain and required by the disclosure obligations under the Transparency Directive. Another proposal would be to allow the proportionate disclosure regime to apply to all forms of secondary pre-emptive offers. KJ further explained that the proportionate disclosure regime has not been used in the UK to date, and that herself and MG are currently checking if the situation is similar in other jurisdictions. KJ also noted that they are gathering evidence to show that there has been a great drop in the number of public offers since the Prospectus Directive was introduced.

KJ mentioned that the Working Group is meeting with HM Treasury on Monday 28 April to discuss our draft proposals on the Prospectus Directive in order to help them prepare for the new European Commission later in the year.

b) Progress on active European Union dossiers

- **European Commission Communication on Long-Term Financing of the European Economy:** KJ pointed out that this document was circulated for information, and that the reference to the Prospectus Directive was probably the most interesting point for this group.

- **Shareholders' Rights Directive Proposal (amending Directive 2007/26/EC):** KJ informed the group that there is Article 3d raised some concerns regarding the ability for the intermediaries to charge for the service of identifying shareholders: this is contrary to the UK regime. DS noted that at the most recent European Issuers meeting, one of the issues concerned the changes to the right to vote on related party transactions (Article 9c), which could turn out to be a major issue since the wording does not clearly state if it includes transactions with the company's group. Finally, DS pointed out that another issue is regarding the proxy advisors (Article 3i), and how are they supposed to guarantee that the voting recommendations are accurate. KJ asked the group to submit any other concerns they may have, which we will feed into the Department for Business, Innovation and Skills. **ALL**
- **Fourth Money Laundering Directive Proposal (amending and replacing Directive 2005/60/EC):** KJ explained that this item was included in the agenda after an issue was flagged to us by the Association of Investment Companies. KJ also noted that this put on the agenda because of its relevance in relation to the government's response to BIS' discussion paper: Transparency & Trust: Enhancing the transparency of UK company ownership and increasing trust in UK business. The AIC pointed out that Article 29 as proposed would oblige quoted companies to obtain and hold information on their beneficial holders. KJ noted that she will follow up on this issue with the AIC and update the group in due time.
- **MiFID II/MiFIR:** MG noted that MiFID II has been adopted by the European Parliament (at their last plenary session before the European elections) at first reading with amendments, including further clarifications made to Article 33 on SME growth markets. MiFID II is now due to be formally adopted by the Council.
- **Market Abuse Regulation and Directive:** MG explained that the Market Abuse Regulation and Directive have been adopted by Council without debate on 14 April. This package will be published and enter into force with the instruments for MiFID.
- **Transparency Directive:** This was not discussed.
- **Supplementary prospectuses delegated regulation:** MG informed the group that this regulation was published in the OJ on 15 April, and it is the same as the draft instrument that had been published in March. It will enter into force on 5 May 2014.

5. Communications

a) Membership Drive

As part of the membership drive, all expert group members were asked to provide Hayley Zeff with a list of quoted companies who they act for who are not already members of the QCA. KJ noted that Hayley Zeff is still waiting to be provided with the contacts from the members of this group.

ALL

b) Guest invitations

KJ informed the group that it is possible that someone from AIM regulation will be attending our May meeting.

c) Trip to European Commission/Brussels

KJ noted that the trip will be (tentatively) taking place on 4 September 2014, and that members are still welcome to send in their interest to participate.

ALL

d) Policy Update (February 2014)

This was tabled for information only.

6. Any other business

KJ informed the group that, regarding the newly introduced stamp duty exemption, AIM companies have had to self-certify that they are not listed on a recognised stock exchange elsewhere by the 23 of April. Since the announcement for this requirement was made with a very short notice, KJ sent a notice to member companies and NOMADs to raise their awareness to this. KJ further explained that this does not apply to ISDX.

Regarding the T+2 settlement regime, KJ informed the group that it will come into effect on 6 October. KJ further noted that the registrars are advising issuers not to make any transactions that day, or to consult with their stockbroker, due to the increased volume of trade settlements.

KJ asked the group if they had any views on the proposed change to the Prospectus Rules contained in the FCA consultation, previously circulated for comments. The group agreed that they do not understand the added-value of the introduction of this rule, and that it can potentially be confusing. The company director, by signing off the prospectus, vouches for the inclusion of accurate and complete information to their knowledge. The group agreed that we should therefore question the rationale and the goal of this rule.

Information for noting

- Consultation update - responses submitted:

London Stock Exchange - AIM Notice 38: AIM Rules for Companies and AIM Rules for NOMADs Consultation Documents (Response submitted on 3 March 2014)

- Next meeting

8.30am Thursday 22 May 2014 (Venue: Speechly Bircham)

7. Actions

Action	Person	Timing
Send KJ/MG any issues found on the Shareholders' Rights Directive Proposal	All	ASAP
Provide Hayley Zeff with clients' contacts	All	Next meeting
Let KJ or MG know if anyone is interested in contributing to the Prospectus Directive review and also to attend the trip to Brussels.	All	Next meeting