

Present:	Tom Shaw (in the Chair)	TS
	Gary Thorpe (Deputy Chair)	GT
	Ian Binnie	IB
	Susan Hollingdale	SH
	Hilary Owens	HO
	Martin Kay	MK
	Ross Bryson	RB
	Maegan Morrison	MM
	Kate Jalbert	KJ
In attendance:	Jaspal Sekhon (Minutes)	JS
	Paul Arathoon	PA

ACTIONS

1. Apologies

Apologies were received from Simon Cox, Julie Keefe, June Paddock, Donald Stewart, David Davies, Chris Barrett, Mebs Dossa, Philip Lamb, Richard Beavan, Anthony Turner, Stephen Hamilton and Tim Ward.

2. Approve the minutes of the previous meeting (9 July 2013)

The minutes of the last meeting were approved.

3. Current consultations and issues

a) FCA: Consequential Changes to the Listing Rules resulting from the BIS Directors' Remuneration Reporting Regulations and Narrative Reporting Regulations (response date: 9 October 2013) (with the Corporate Governance Expert Group)

KJ noted that the Corporate Governance Expert Group are looking at part of the consultation but it would be helpful if someone from the Legal Expert Group could review the Listing Rules aspects and provide any comments.

RB volunteered to review the Listing Rules aspects of the consultation paper.

RB

b) ESMA Consultation Paper: ESMA Guidelines on enforcement of financial information (response date: 15 October 2013) (with input from the Financial Reporting Expert Group)

KJ had reviewed the paper but was not clear whether there was much in it that was of relevance to UK issuers. TS said he had looked at it briefly but was not concerned by it. The Financial Reporting Expert Group is also looking at the paper. MM thought that the impact on UK issuers would be minimal. MM volunteered to review the consultation paper (only to consider what impact, if any, there will be for UK issuers).

MM

c) Relationship Agreements and guidance for companies on what they should contain

HO explained that PLC has been looking at relationship agreements following CP12/25 and are producing precedent relationship agreements for main market and AIM companies (both works in progress). HO noted that the report on CP12/25 may be published at the end of October.

The Expert Group discussed their experiences of relationship agreements for AIM companies. IB noted that that AIM Regulation's approach to relationship agreements was notably different from the UKLA's approach. Whereas the UKLA was much more prescriptive about what an agreement should contain, AIM Regulation places much more responsibility on the Nomad and only ask "have you considered...?" type of questions and rarely go further than that. Members of the Expert Group could not recall an instance of a relationship agreement being enforced, although IB noted that the ultimate consequence of non-compliance would be the Nomad having to resign. RB noted that there is an argument to say that once a controlling shareholder gets above a certain level, a relationship agreement becomes worthless. Indeed, sometimes the whole investment case is that a particular company is controlled by one individual and investors are prepared to take a view on that. MM also noted that sometimes companies can have more than one controlling shareholder. Accordingly, the Expert Group noted that there is a danger of being too prescriptive (e.g. in any QCA guidance on the subject) and not retaining enough flexibility.

HO agreed to attend the meeting of the Corporate Finance Expert Group in November with Lucy Leroy from AIM Regulation to ask about AIM's view of relationship agreements and will give feedback at a subsequent meeting of the Legal Expert Group. HO would also consider whether her preparatory work for producing the PLC standard form relationship agreements (in particular the terms sheet) can be useful for a high level guidance note for the QCA.

HO

The Expert Group discussed what form any QCA guidance should take. RB suggested it could be in the form of guidelines and general principles to accompany the QCA Corporate Governance Code. KJ was reluctant to publish a new edition of the Corporate Governance Code so soon after the last one was published but she was happy in principle to have annexes to the Code dealing with specific topics.

GT, IB and HO agreed to speak to Edward Craft about potentially producing an add-on to the Corporate Governance Code which sets out key principles / thoughts on relationship agreements and possibly also how to deal with making announcements.

GT, IB and HO

d) Practical guidance the Legal Expert Group could produce for quoted companies on:

TS explained that he wanted the Expert Group to explore what useful guidance the QCA could produce for its members. Ahead of the meeting, the following suggested subjects for guidance was circulated:

- Potentially difficult shareholder meetings.
- Announcements of bad news.

Other suggestions raised at the meeting were:

- The Takeover Code (from the standpoint of existing AIM companies which now find themselves subject to the Takeover Code by virtue of the recent Code changes).
- The new employer-shareholder status and the possible impact on AIM companies.
- UK/US offerings.

KJ thought it would be useful to include a question in the next feedback questionnaire (in November) asking participants to suggest which topics would be suitable for guidance.

All attendees were asked to consider questions / topics which could be asked in the next QCA members' feedback questionnaire about what useful guidance members want to see.

All

SH would circulate PLC notes on employee-shareholder status and UK/US issues and KJ would table the topics for discussion at next meeting.

SH, KJ

4. Communications

a) Guest invitations

Suggested guests were:

- The Takeover Panel
- UKLA
- AIM
- A Nomad (in particular to discuss relationship agreements)

b) Policy Briefing Update - 16 August 2013 (for information only)

Noted for information.

c) New Expert Group Chairman/Deputy Chairman

TS reported that he would be stepping down as Chairman due to other commitments but GT would be taking over the role. TS said that he would still continue to be involved with the QCA as there was a proposal for him to be appointed a director at the AGM on 1 October. TS also said that Speechly Bircham were happy to continue to host the meetings if that was convenient for attendees.

GT thanked TS for leading the Expert Group over the past 3 years which included dealing with a number of important issues, for example, the amended Prospectus Directive. GT wished TS well on behalf of the Expert Group.

5. Review of actions from the last meeting (to the extent not already covered)

N/A

6. Any other business

N/A

Information for noting

- Consultation update - responses submitted:

None

- Next meeting

- 8.45am Thursday 24 October 2013 (Venue: Speechly Bircham)

7. Actions

Action	Person	Timing
Review the Listing Rules aspects of the FCA consultation paper on Consequential Changes to the Listing Rules resulting from the BIS Directors' Remuneration Reporting Regulations and Narrative Reporting Regulations	RB	9 October 2013
Review ESMA consultation paper on ESMA Guidelines on enforcement of financial information (only to consider what impact, if any, there will be for UK issuers).	MM	15 October 2013
Speak to Edward Craft about potentially producing an add-on to the Corporate Governance Code which sets out key principles / thoughts on relationship agreements and possibly also how to deal with making announcements.	GT, IB and HO	Next meeting
Attend the meeting of the Corporate Finance Expert Group in November with Lucy Leroy from AIM Regulation to ask about AIM's view of relationship agreements and give feedback at a subsequent meeting of the Legal Expert Group.	HO	November
Consider whether HO's preparatory work for producing the PLC standard form relationship agreements (in particular the terms sheet) can be useful for a high level guidance note for the QCA	HO	Next meeting
Circulate PLC notes on employee-shareholder status and UK/US issues	SH	ASAP
Consider questions / topics which could be asked in the next QCA members' feedback questionnaire about what useful guidance members want to see	All	Next meeting
Table the topics (mentioned above) for discussion at next meeting	KJ	Next meeting