

Minutes of the meeting held on: Thursday 29 November 2012 at
8:45am

Speechly Bircham LLP, 6 New Street Square, London EC4A 3LX

Present:	Tom Shaw (in the Chair)	TS	
	Donald Stewart		DS
	Kate Jalbert		KJ
	Julie Keefe		JK
	Phillip Lamb		PL
	Susan Hollingdale		SH
	Martin Kay		MK
	Stephen Hamilton		StH
In attendance:	Jaspal Sekhon (Minutes)		JSS
	David Hicks		DH
	Paul Arathoon		PA

ACTIONS

1. Apologies

Apologies were received from Tim Ward, Simon FT Cox, Maegan Morrison, Ross Bryson, Ian Binnie, Gary Thorpe, Christian Lewis, Anthony Turner, Christopher Owen, Mebs Dossa, Carol Kilgore and June Paddock.

2. Approve the minutes of the previous meeting (27 September)

The minutes of the last meeting were approved.

3. Current consultations

a) FSA Consultation CP12/2 - Listing Rules - consultation on proposed amendments and feedback on CP12/2 (CP 12/25) (RD: 2 January 2013) - joint working group with the Legal and Corporate Finance Expert Groups

KJ is keen to identify which issues raised by the consultation the Legal Committee should be commenting on. The response date to the consultation is 2 January 2013. KJ noted that some expert group members had already contributed to the consultation response, in particular Maegan Morrison had done quite a bit of work. The Corporate Governance Group has already commented on the issue about free-float. June Paddock had been looking at reverse takeovers and somebody on the Corporate Finance Committee had been looking at the issues concerning sponsors.

As regards reverse takeovers, DS noted that the consultation raises fundamental questions about what standard listings are for. The consultation proposes that all reverse takeovers should be subject to the Listing Rules. The current standard listing regime does not require shareholder approval for reverse takeovers and, therefore, this would be a significant change to the current rules.

KJ noted that the consultation has rather in-depth new questions. Some questions are picking up on themes for CP12/2 and then there are numerous questions about the proposed new rules, for example, as regards relationship agreements. KJ will go back to the original contributors to the CP12/2 responses and ask them for further comments on those specific areas.

KJ

As regards the new items in the consultation, there is a strong focus on relationship agreements and controlling shareholders. TS noted that, as regards controlling shareholders, for AIM companies there is not much clarity on what those agreements should entail and often they can be quite woolly. DS thought it might be useful for the Legal Expert Group to pull together examples of relationship agreements and produce a proforma which could be uploaded to plc. All expert group members to collate and send examples of relationship agreements to KJ.

All

4. Update on European Issues

a) MiFID II/MiFIR

KJ explained that the European Parliament had voted on the report issued by the ECON Committee which puts the ECON Committee in a stronger negotiating position once trilogue happens. KJ explained that the QCA were looking at:

- The definition of “SME”. The original definition from the European Commission has been used except for the increase of the €100m threshold to €200m. This works in our favour.
- Central Counterparty Clearing (CCPC). A late amendment had been snuck in which would require all shares to be centrally cleared which several brokers have had concerns about. However, KJ understands that this provision should come out eventually.

b) MAD/MAR

The final report had been published on 22 October 2012. The key point is that the European Parliament has required all companies (including SMEs and growth markets) to have insider lists. Although this is not ideal, it is not surprising. Therefore, AIM companies may have to prepare insider lists. The QCA is liaising with the Treasury and will try to lobby MEPs, however, this is a difficult requirement to argue against.

c) European Commission Company Law Review – The Future of Company Law

Not discussed

d) Transparency Directive - Interim management statements

Not discussed

5. Communications

a) Terms of Reference

KJ explained that the QCA's Terms of Reference had not been updated since 2010. All QCA expert groups are being asked to review the Terms of Reference to bring them up to date. All expert group members are to review the Terms of Reference and let KJ have any comments.

All

b) Policy Update (November 2012)

KJ had circulated this for information. The document is prepared for the QCA Board Meetings. If there is anything of interest to expert group members, could they let KJ know, for example, if a specific meeting may be of interest.

c) QCA/BDO Small and Mid-Cap Sentiment Index

A new survey will be released in January. The last survey went out in November. KJ would like more responses and encouraged people to respond and to forward the link to their contacts.

d) Liaison with the Law Society

KJ noted that somebody from The Law Society had got in touch to ask her for input on the draft Finance Bill and the proposals to ring-fence banks and also in relation to hedging structures. In particular, what hedging surfaces should ring-fenced banks be allowed to offer to SMEs.

KJ will send the questions to the Group and all Committee members should review the questions and pass them on to their banking colleagues (as the question seems to be more related to banking and regulatory issues).

KJ/All

e) Guest invitations

Committee members discussed potential guest invites. TS suggested another visit from BIS/Treasury. KJ explained that the next two year rotation in the Civil Service is due in September and therefore it might be worth getting the new batch of Civil Servants to attend and introduce themselves. Other options included:

- the Takeover Panel
- UKLA
- the FSA/KB Wallace
- ESMA
- ICAP/Plus - the new Chief Executive

f) Format for meeting at Winterflood Securities - 24 January 2013

Our host will be Julian Palfreyman, the CEO of Winterflood Securities. He will talk about market making and then we will spend some time on the trading floor.

g) Meeting dates 2013

This had been circulated ahead of the meeting.

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

N/A

7. Any other business

TS reported that he and TW had a meeting with Catherine Clarke at the Business Growth Fund (BGF) and to talk about the potential advantages of investing in listed companies. Catherine followed up after the meeting by saying that, having discussed it internally, the BGF were not particularly interested in pursuing this further. TW had expressed a desire to have another go at persuading the BGF. It appears that the BGF did not want to change its investment approach. TS thought it may be more productive to try and speak to some of their deal executives instead of the lawyers.

8. Next meeting(s)

- a. 8.45am Thursday 24 January 2013 (Venue: Winterflood Securities Limited)

9. Actions

Action	Person	Timing
KJ to go back to the original contributors for CP12/2 for responses and ask them for comments on those specific areas.	KJ	ASAP
Collate and send examples of relationship agreements to KJ.	All	ASAP
Review the Terms of Reference and let KJ have any comments.	All	ASAP
KJ to send the Law Society questions to the Committee members and all Committee members should review the questions and pass them on to their banking colleagues.	KJ/All	ASAP