

Held on: Thursday 14 September 2017

Venue: Charles Russell Speechlys, 5 Fleet Place, London, EC4M 7RD

Present:

| | | |
|--------------------------------|---------------------------------|-----|
| Gary Thorpe (Chair) | Clyde & Co | GT |
| Maegen Morrison (Deputy Chair) | Hogan Lovells International LLP | MM |
| Danette Antao | Hogan Lovells International LLP | DA |
| Paul Arathoon | Charles Russell Speechlys LLP | PA |
| Philippa Chatterton | CMS | PC |
| Paul Cliff | Gateley LLP | PCI |
| Simon Cox | Norton Rose Fulbright LLP | SC |
| David Hicks | Charles Russell Speechlys LLP | DH |
| Martin Kay | Blake Morgan | MK |
| Nicholas McVeigh | Mishcon De Reya | NM |
| Nicholas Narraway | Hewitson Moorhead | NN |
| Donald Stewart | Keptorn | DS |
| Mark Taylor | Dorsey & Whitney | MT |
| Jane Wang | Fasken Martineau | JW |
| Tim Ward | Quoted Companies Alliance | TW |
| Callum Anderson (minutes) | Quoted Companies Alliance | CA |

In attendance:

| | | |
|--------------------------|-------------------------------|-----|
| Helen Boyd | Financial Conduct Authority | HB |
| Monica Rodriguez-Sanchez | Financial Conduct Authority | MRS |
| Michael Naughton | Financial Conduct Authority | MN |
| Liga Dugdale | Practical Law Company Limited | LD |
| Richard Evans | Strand Hanson Limited | RE |
| Daniel Okusaga | LexisNexis | DO |
| Victoria Youngusband | Charles Russell Speechlys LLP | VY |

1. WELCOME TO HELEN BOYD, MONICA RODRIGUEX-SANCHEZ AND MICHAEL NAUGHTON, FINANCIAL CONDUCT AUTHORITY

GT welcomed HB, MRS and MN to the meeting.

MT summarised the contents of the letter that the QCA sent the FCA in July 2017 regarding interpretation of the Market Abuse Regulation (MAR) – point by point.

Regarding insider lists, MT emphasised the QCA's concern that smaller issuers were burdened by the requirement to produce insider lists due to the fact that the exemption for issuers on SME growth markers would not be in place until January 2018. The Expert Group noted that some insiders were

unwilling to disclose certain pieces of personal information – particularly national insurance numbers. HB explained that it is important to the FCA that all relevant information required is kept up to date.

HB and the Expert Group exchanged views on firms keeping current information on secondary individuals. HB stressed that it was the responsibility of all firms in a chain to take responsibility for providing insider lists.

HB asked the Expert Group how issuers were managing the new requirements. Expert Group members indicated that it was difficult to say as it was not something that was monitored daily. However it was noted that the most frequent question from issuers is when are they permitted to delay the disclosure of inside information, especially with respect to financial results, profit forecasts and corporate deals. HB acknowledged that more clarity was needed in this area. She explained that the FCA would be undertaking work in this area to offer greater clarity on this.

With regards to delaying the disclosure of inside information, MT noted the QCA request for clarity over what constitutes a legitimate interest in delayed disclosure. HB noted that previous guidelines had previously been too broad. However, she emphasised that the FCA's principal objective was to retain confidence and integrity in the market. HB and the Expert Group discussed a range of high level scenarios in the context of whether inside information should be disclosed. There was consensus that, in a developing situation, the company would have to use its judgement as to whether to disclose information to the market.

With respect to market soundings, MT highlighted the QCA's concern that the requirement to maintain internal procedures to deal with market soundings may be overly burdensome for some market sounding recipients. HB explained that the FCA was planning to undertake more work in this area shortly, in order to clarify some general misconceptions.

HB and the Expert Group exchanged views on the interaction between Article 17 of MAR (inside information) and AIM Rule 11 (price sensitive information). There was agreement that the respective requirements had not yet been in conflict. HB emphasised that it was essential for companies to comply with MAR as it is a legal requirement; AIM Rules are the under the remit of AIM Regulation.

HB indicated that the FCA would welcome further interaction with the Expert Group and the QCA in general on other topics.

HB, MRS and MN left the meeting.

2. APOLOGIES

Apologies were received from Ross Bryson, David Davies, Kate Francis, Stephen Hamilton, Sarah Hassan, Kate Higgins, Julie Keefe, Catherine Moss, Richard Pull and Kieran Stone.

3. MINUTES OF LAST MEETING (25 May 2017)

The minutes were approved.

4. ISSUES FOR DISCUSSION

| | ITEM | ACTION |
|----|---|--|
| a) | <p>Takeover Panel consultation – Asset sales in competition with an offer and other matters</p> <p>GT explained that a draft response had been circulated to the Expert Groups regarding the Takeover Panel’s consultation on asset sales in competition with an offer and other matters.</p> <p>SC – who drafted the response – noted that there were a number of proposals put forward by the Panel which needed clarification. GT encouraged other Expert Group members to review the draft and revert with comments as soon as possible.</p> | <p>CA to circulate draft response to the Expert Group.</p> <p>ALL to send their comments to the draft response to CA.</p> |
| b) | <p>Prospectus Regulation consultations issued by ESMA</p> <p>GT explained that ESMA had published three consultations on draft technical advice relating to the format and content of the EU Growth Prospectus, format and content of the Prospectus and scrutiny and approval of the prospectus.</p> <p>GT added that draft responses would be circulated in the coming days and requested that Expert Group members reviewed these and supplied their comments ahead of the 28 September deadline.</p> | <p>CA to circulate draft responses to the Expert Group.</p> <p>ALL to send their comments to the draft responses to CA.</p> |
| c) | <p>Brexit</p> <p>This was not discussed.</p> | None to note. |

5. COMMUNICATIONS AND FUTURE MEETINGS

| | ITEM | ACTION |
|----|--|---------------|
| a) | <p>QCA position paper – Future of the UK market structure for quoted companies</p> <p>This was tabled for information only and was not discussed.</p> | None to note |
| b) | <p>Policy Update (August 2017)</p> <p>This was tabled for information only and was not discussed.</p> | None to note. |
| c) | <p>Guest invitations to future meetings</p> <p>This was not discussed.</p> | None to note. |

6. ANY OTHER BUSINESS

TW mentioned that the QCA had been invited by the European Commission to attend a workshop especially for issuers on SME access to public markets, before it brings forward new legislative proposals in 2018. He asked **Expert Group members to submit any suggestions of where problems that sit in existing EU legislation – such as MAR, MiFID II and the definition of SMEs – can be alleviated,** so that companies listed on SME Growth Markets can be exempted, **to the QCA by the end of September 2017,.**

7. NEXT MEETING

Thursday 19 October 2017, 9.00am – 10.30am (Venue: Charles Russell Speechlys, 5 Fleet Place, London, EC4M 7RD (Host: Paul Arathoon))