

Present: Gary Thorpe (Chairman)	GT
Maegen Morrison (Deputy Chairman)	MM
Paul Arathoon	PA
Ian Binnie	IB
Ross Bryson	RB
Jane Mayfield	JM
David Hicks	DH
Hilary Owens	HO
Sarah Hassan	SH
June Paddock	JP
Anthony Turner	AT
Kate Jalbert	KJ
Ben Burnett	BB
Maria Gomes (minutes)	MG

ACTIONS

1. Apologies

Apologies were received from Richard Beavan, Martin Kay, Julie Keefe, Simon Cox, Gabriella Olson-Welch, Mebs Dossa, Rizwan Rahman, Ben Warth, Mark Taylor, Ian Binnie and Tim Ward.

2. Approve the minutes of the previous meeting (10 July 2014)

The minutes of the last meeting were approved.

3. Action points from the last meeting

Nothing to report.

4. Current consultations and issues:

a) ESMA – Market Abuse Regulation 2014/808 Consultation Paper – Technical Advice

GT explained that this consultation follows the Discussion Paper to which we have submitted a response earlier this year. GT mentioned that the QCA's main concern is the insider list being proposed by ESMA, which is disproportionately detailed and will be burdensome for small and mid-sized quoted companies.

KJ explained that there is far too much information which is meant to be acting as an investigative/enforcement tool for some Member States. Competent Authorities may request it and the company has full responsibility for the contents: it may mean that the company is in breach every time one of the data fields is not updated.

KJ added that ESMA has argued that this would simplify the work of issuers, which we disagree with. Moreover, there are also data protection considerations that need to be considered. HO agreed to take a look at the data protection rules to include in our response.

KJ mentioned that the QCA will be drafting a letter encouraging our membership to respond to this consultation, as we believe that the number of responses received by ESMA may shift the policy direction and make ESMA reconsider its proposals.

DH agreed to share the Law Society's draft response to this consultation with KJ and MG to help draft the QCA response and see if there are other issues we should be responding to.

DH/KJ/MG

b) **ESMA – Market Abuse Regulation 2014/809 Consultation Paper – RTS**

This was discussed with item a).

c) **Takeover Code: consultation on post-offer undertakings and intention statements**

The Group agreed that the impact of these changes (which had political undertones) would not disproportionately affect SME's, and on this basis, it was considered that the QCA did not need to submit a response.

d) **Prospectus Directive Working Group**

DH explained that the Prospectus Directive Working Group is working on drafting a briefing note which would include our proposals for reform in view of the European Commission's review of the Prospectus Directive next year.

DH summarised the key points of the QCA meeting with the European Commission:

- we understood that there would be a greater opportunity to create a different prospectus regime for SME Growth Markets;
- the EC recognises and acknowledges that the proportionate prospectus regime has not been working properly;
- the EC was not receptive towards eliminating the competent authority pre-vetting, as they see it as a necessary stamp of quality assurance for investors;
- we understood that the 'open door' would be to explore the differences between primary and secondary offers.

GT explained that, bearing in mind the ideas discussed with the European Commission, the Prospectus Directive Working Group discussed whether partly to abandon the proposal that we have been drafting so far and draft a new regime. One of the ideas that certain members of the working group had was to exclude SME-GM from the application of the Prospectus Directive and create a separate, entirely new regime based on a principled approach; the other main idea was to make the secondary offer regime much lighter. GT further explained that the idea behind this is to make the prospectus fit for purpose and to create a truly proportionate regime working for SMEs.

KJ explained that this approach would require a careful consideration and perhaps meetings with LSE and UKLA, and noted that the working group should further consider and confirm if we should pursue this approach.

RB mentioned that an upcoming issue is *crowdfunding* and that maybe this will also be considered by the European Commission.

KJ mentioned that it could be helpful to see what an 'expression of interest' is in the US Jobs Act when drafting our proposals. MM kindly agreed to share with KJ a note on the US Jobs Act.

MM/KJ

GT added that we would aim at having a first draft of the Prospectus Directive briefing note to share with the Legal Expert group by the next meeting.

KJ/MG

e) **GC14/5 Primary Market Bulletin No. 8**

This was circulated and briefly discussed. As it involved minor changes to technical notes, no further action was required.

5. Communications

a) **ESMA final guidelines on enforcement of financial information – For information**

This was circulated for information only and was not discussed.

b) **Guest invitations**

KJ encouraged the Group to send her or MG any suggestions for guests for next year.

c) **Policy Update (August 2014) – for information only**

This was circulated for information only and was not discussed.

d) **Membership Drive**

This was not discussed.

6. Appointment of Maegen Morrison as Deputy Chairman of the Legal Expert Group

GT thanked MM for having kindly accepted to take the role of Deputy Chairman of the QCA Legal Expert Group.

7. Any other business

GT explained to the Group that the QCA had met with BIS regarding the Small Business, Enterprise and Employment Bill proposal currently under discussion. KJ explained that the QCA is concerned with the beneficial ownership register issue being extended by the 4th Money Laundering Directive. It was noted that the draft legislation is inadequate and extended section 793 of the Companies Act 2006 because it would apply to all companies. It was considered that it would also not achieve the policy objectives.

KJ explained that the Corporate Governance Expert Group will be looking at this issue, but that it would also be good to have someone from the Legal Expert Group take a look at our response. AT kindly agreed to review our response from a legal perspective.

AT

MG explained to the Group that, with the new European Commission structure, our work will now mostly fall under the umbrella of the newly-created Financial Stability, Financial Services & Capital Markets Union portfolio (rather than DG Internal Market), with the exception of Corporate Governance, which has moved to the Justice, Consumers and Gender Equality portfolio. MG agreed to circulate more information on the new European Commission to the Legal Expert Group.

MG

MG mentioned that Chris Stapeley asked whether the group would like to meet for drinks in December. The Group agreed to add this to the agenda of our next meeting and discuss it then.

MG/ALL/Chris Stapeley

GT thanked Paul Arathoon for his help on our response to the MiFID II consultation and June Paddock for her help on the Takeover Panel Consultation.

Information for noting

- Consultation update - responses submitted: None to note
- Next meeting

8.45am Thursday 23 October 2014 (Venue: Speechly Bircham LLP)

8. Actions

Action	Person	Timing
Take a look at the data protection rules to include in our MAR response	HO/MG	ASAP (before RD: 15 October 2014)
Share the Law Society's draft response to this consultation with KJ and MG	DH/KJ/MG	ASAP (before RD: 15 October 2014)
Share with KJ a note on the US Jobs Act	MM	ASAP
Share a first draft of the Prospectus Directive briefing note	KJ/MG	ASAP (tentatively before next meeting)
Review QCA response to Small Business, Enterprise and Employment Bill	AT	ASAP
Circulate more information on the new European Commission	MG	ASAP
Add to next meeting's agenda and discuss December drinks	MG/ALL/Chris Stapeley	Next meeting