

Present: Gary Thorpe (Chairman)		GT
Daniel Simons		DS
Paul Arathoon		PA
Ian Binnie		IB
Philippa Chatterton		PC
Jane Mayfield		JM
David Hicks		DH
Nick Jennings		NJ
Martin Kay		MK
Jo Chattle		JC
Sarah Hassan		SH
Donald Stewart		DS
Jaspal Sekhon		JS
Tom Shaw		TS
Mark Howard		MH
Tim Ward		TW
Maria Gomes (minutes)		MG

In Attendance:	Catherine Clarke	Business Growth Fund	CC
	Sarah Holmes	Business Growth Fund	SH

ACTIONS

1. Welcome to Catherine Clarke, Head of Legal of the Business Growth Fund (BGF)

GT welcomed CC and SH for coming to speak to our Group. CC thanked the QCA for the opportunity to discuss with the Group the BGF's first investment into an AIM Company and explain how the BGF is run.

CC explained that the BGF, set up four years ago, is an investment firm that provides growth capital to UK businesses with turnover of £5m - £100m. BGF initially invests £2m - £10m of growth capital in UK headquartered companies with a good track record and a proven business model. The average investment is around £5m. CC further explained that the BGF invests in all sectors (except for financial services) and tries to develop a partnership from the outset, with long-term funding of up to 10 years and follow-up investment.

CC added that the BGF is known for its transparent and detailed investment terms, which cover all the areas that must be known before the legal process. CC mentioned that the terms are normally sent to any lawyers that wants to see them, and she added that she would be glad to share them and receive comments from this group.

CC explained that the BGF tries to fill a structural gap between venture capital and private equity, to provide growth capital to allow businesses to accelerate their expansion.

Regarding the BGF's first investment into an AIM company, CC explained that Victoria PLC was the first time that BGF invested in a publicly listed company, but the approach used was similar than the one already used for a number of private companies. The investment consisted of £10m of loan notes with an option to purchase equity, which was a flexible approach to support the company's development over the longer term. CC explained that BGF is open to considering diverse opportunities, and would like to create a template of what BGF can offer to AIM listed companies.

She added that they made 37 follow-up investments and 33 new investments last year. BGF has the right to appoint a BGF member of the board and the right to nominate a Chairman or CEO in each company it invests in.

2. Apologies

Apologies were received from Maegen Morrisson, Richard Beavan, Stephen Hamilton, Mebs Dossa, Hilary Owens, Jon Tilley, June Paddock, Mark Taylor, Anthony Turner, Ben Warth, Andrew Collins and Kate Jalbert.

3. Approve the minutes of the previous meeting (23 October 2014)

The minutes of the last meeting were approved.

4. Action points from the last meeting

Nothing to report.

5. Current consultations and issues:

a) Prospectus Directive Revision Briefing Note – Trip to Brussels on 10 February 2015

GT explained that the Prospectus Directive Briefing Note is being finalised in order to sharing it with the European Commission ahead of our meeting on 10 February. GT added that some of the ideas being proposed latch on to the SME Growth Markets concept introduced by MiFID II. Our key proposals are the following:

1. Introducing the concept of an IPO and Secondary Public Offer in the Prospectus Directive
2. Creating a Proportionate Prospectus for Secondary Public Offers on regulated markets
3. Ensuring that the Proportionate Prospectus for Secondary Offers applies to all types of secondary public offer
4. Addressing the process of the national competent authority approving a prospectus
5. Increasing the thresholds under which a prospectus does not have to be produced
6. Exempting offers carried out under the Takeover Regime from the prospectus regime
7. Creating a specific prospectus regime for SME Growth Markets

GT mentioned that the Prospectus Directive Working Group has given thought to which particular aspects of the Prospectus Directive could be changed in a way that does not compromise investor protection and is cost saving. DH added that for that reason, we are proposing to remove boilerplate disclosures that were not meaningful for investors or that could be easily incorporated by reference to the issuer's website.

The Group generally supported and agreed with these proposals.

TW added that one interesting aspect of our review is the role of the national competent authority, which we believe should add value to the prospectus and must be rethought accordingly by the European Commission.

b) Final Report: ESMA's Technical Advice to the Commission on MiFID II and MiFIR - Legitimacy of inducements and SME Growth Markets

This was circulated for information.

MG explained that our Secondary Markets Expert Group will be following up on the issue of legitimacy of inducements, with the FCA coming to speak at our next Secondary Markets Expert Group meeting.

c) Update on the Small Business, Enterprise and Employment Bill

MG explained that a working group will be set up by BIS to draft guidance on the PSG Register, and that the QCA has been invited to be a part of the working group. Edward Craft, Chairman of our Corporate Governance Expert Group, has accepted to join the working group on behalf of the QCA.

d) **Update on the 4th Money Laundering Directive (2013/0025 (COD))**

MG explained that the QCA will continue to liaise with BIS on the implementation of this Directive in the UK, especially in regards to its interaction with the Small Business, Enterprise and Employment Bill on aspects of beneficial ownership.

6. Communications

a) **Point to note: Amendment of Part 17 Companies Act 2006 – abolition of cancellation schemes**

This was circulated for information only and was not discussed.

b) **Takeover Code changes as from 12 January 2015**

This was circulated for information only and was not discussed.

c) **Consultation on MiFID II/MiFIR – For information only**

This was circulated for information only and was not discussed.

d) **Assessment of issuers on the ISDX Growth Market – For information only**

This was circulated for information only and was not discussed.

e) **Takeover Code: new Note on Rule 9.1 mandatory bid requirement – For information only**

This was circulated for information only and was not discussed.

f) **Guest invitations**

This was not discussed.

g) **Policy Update (December 2014) – for information only**

This was circulated for information only and was not discussed.

7. Any other business

Information for noting

- Consultation update - responses submitted:
Takeover Code: consultation on post-offer undertakings and intention statements (R: 5 November 2014)
BIS Consultation - Scope of exceptions to the prohibition of corporate directors (R: 19 December 2014)
Draft RTS on prospectus related issues under the Omnibus II Directive (R: 19 December 2014)
- Next meeting

8.45am Wednesday 25 February 2015 (Venue: Speechly Bircham LLP)

8. Actions

None to note.