

Present: Gary Thorpe (Chairman)	GT
Maegen Morrison	MM
Paul Arathoon	PA
Ian Binnie	IB
Nick McVeigh	NM
Jane Mayfield	JM
Julie Keefe	JK
Simon Cox	SC
Hilary Owens-Gray	HO
Sarah Hassan	SH
Donald Stewart	DS
Anthony Turner	AT
Maria Gomes (minutes)	MG

In attendance:		
Michael Higgins	(Quoted Companies Alliance)	MH

ACTIONS

1. Apologies

Apologies were received from Karish Andrews, Stephen Hamilton, David Hicks, June Paddock, Mark Taylor, Anthony Turner, Kate Jalbert and Tim Ward.

2. Minutes of the last meeting (26 March 2015)

The minutes were approved.

3. Main issue for discussion: European Commission Consultation: Review of the Prospectus Directive

GT mentioned that a QCA response to this consultation had been drafted and circulated to this Group for comments with the papers for this meeting. GT explained that the response had been based on the document which was produced ahead of the consultation and which had already been shared and discussed with the European Commission (QCA proposals to amend the Prospectus Directive – February 2015).

GT added that the QCA is running a survey to identify the costs of producing a prospectus, and has asked the Group to provide any possible data on this to help inform our response to the European Commission. However, very little feedback had been received so far.

Much discussion was focussed on the legal costs for a Prospectus. It was noted that the figures provided by the single person who had, to date, responded to the survey did not seem at the right level. Views were expressed that it was difficult to give any meaningful figures as a number of factors came into play: the age and complexity of the issuer's business, the level of diligence required, whether any share or group reorganisation was needed, the level of the funds to be raised and market forces. Although this was recognised, others felt that it should be possible to give some "ballpark" figures on the basis of certain assumptions. It was, therefore, agreed that GT and MG would distribute a paper describing an AIM company and asking for fee "quotes" based on certain parameters. All the Group were encouraged to respond to this so that the response paper had viable data. It was

emphasised that all responses would be made to MG at the QCA and would, for commercial reasons, be treated as confidential. ALL

The Group generally agreed that regarding the legal fees for Secondary Offers, would be between £175,000 and £300,000 to produce a prospectus on the UK Main Market and between £100,000 and £300,000 on AIM.

However, the Group agreed that companies generally avoid producing a prospectus for secondary offers because of the costs involved. There was therefore very little hard data. There has only been one such recent issue and the costs for this were exceptional.

4. Other issues for discussion:

- **HM Treasury/FCA Consultation: Implementation of the Transparency Directive Amending Directive (2013/50/EU) and other Disclosure Rule and Transparency Rule Changes (RD: 20 May 2015)**

The Group agreed not to respond to this consultation.

NM mentioned that Mishcon de Reya had taken a closer look and decided that it is not relevant to submit a response. He agreed to share their analysis of the consultation with the Group.

NM/MG

- **Market Abuse Regulation – FCA proposals on PDMR dealings and “closed period” definition**

HO mentioned that the QCA had been in contact with the FCA in relation to the provisions of the new Market Abuse Regulation (MAR) relating to dealings by persons discharging managerial responsibilities (PDMR). She explained that we had flagged to the FCA that under the Model Code, the announcement of preliminary results or prelims triggered the end of the closed period as, once the inside information has been published, there is no need to impose a prohibition on dealings. Under MAR directors are prohibited from dealing during a closed period of 30 calendar days before the announcement of an interim financial report or year-end report which the "*issuer is obliged to make public*" according to : (a) the rules of the trading venue where the issuer's shares are admitted to trading; or (b) national law. There is an issue in the UK in that the announcement of prelims is not mandatory. There would therefore be an issue that directors could not deal even though prelims had been released and the closed period would kick in t the wrong time.

The AIM close period for Rule 21 purposes, strictly, ends on publication of an issuer's annual accounts although AIM routinely permits derogations if an issuer chooses to release an announcement of its preliminary results. An inability to use a preliminary announcement as a trigger for the end of a closed period (because they are not mandatory) would mean that the 30 day closed period would not properly match the period prior to the release of the results to the market. This would not, therefore, reflect the purpose of the closed period.

HO added that the FCA is proposing that the wording “the issuer is obliged to make public” in Article 19(11) may be interpreted as being satisfied in the UK context where an issuer voluntarily releases a preliminary statement because LR [9.7.AR\(1\)](#) requires an issuer if it chooses to issue prelims to release them “as soon as possible after it has been approved by the board”. There is however still an issue as there could be two closed periods - one before publication of prelims and one before publication of the results.

MG added that the FCA have asked for our views on this approach. GT mentioned that Helen Boyd and Amy Smith are attending our next Legal Expert Group meeting to discuss these issues.

- **European Commission Consultation: Capital Markets Union Green Paper (RD: 13 May 2015)**

MG mentioned that this response is currently being drafted and will be circulated for comments to this Group ahead of the deadline.

ALL

- **Transposition of the Markets in Financial Instruments Directive II (RD: 18 June 2015) (with Secondary Markets Expert Group)**

MG mentioned that the Secondary Markets Expert Group looked at this consultation and decided that the QCA should not submit a response.

5. Communications/Future Meetings

- **Policy Update – February 2015 (for information)**
- **Future Guests**

6. Any Other Business

7. Next meeting

8.45am Thursday 14 May 2015 with Helen Boyd & Amy Smith of the Financial Conduct Authority (as guests)
(Venue: Charles Russell Speechlys LLP)

8. Actions

Action	Person	Timing
Provide information on costs for AIM specimen company	GT/MG – ALL to respond	ASAP
Circulate information on the consultation on Implementation of the Transparency Directive Amending Directive and other Disclosure Rule and Transparency Rule Changes	NM/MG	ASAP
Provide comments on the European Commission Consultation on Capital Markets Union	ALL	ASAP (before 13.05.15)