

Present:	Gary Thorpe (Chairman)	GT
	Simon Cox	SC
	Stephen Hamilton	SH
	David Hicks	DH
	Martin Kay	MK
	Julie Keefe	JK
	Nicola Mallett	NM
	Jane Mayfield	JM
	Nicholas McVeigh	NMc
	June Paddock	JP
	Maria Gomes	MG
	Callum Anderson (minutes)	CA

In attendance:

Richard Evans	(Strand Hanson)	RE
Simon Graham	(Practical Law Company Limited)	SG
Michael Higgins	(Quoted Companies Alliance)	MH
Istvan Mate-Toth	(Financial Conduct Authority)	IM
Michael McKersie	(Financial Conduct Authority)	MM
Lucas Penfold	(Financial Conduct Authority)	LP
Cordelia Sanger	(Charles Russell Speechlys LLP)	CS
Jaspal Sekhon	(Charles Russell Speechlys LLP)	JS
Victoria Younghusband	(Charles Russell Speechlys LLP)	VY

1. WELCOME TO MICHAEL MCKERSIE, LUCAS PENFOLD AND ISTVAN MATE-TOTH, FINANCIAL CONDUCT AUTHORITY (FCA), TO DISCUSS THE FCA DISCUSSION PAPER ON THE AVAILABILITY OF INFORMATION IN THE UK EQUITY IPO PROCESS

GT welcomed MM, LP and IM to the meeting.

MM explained that, in the Discussion Paper, the FCA was not seeking radically to change the IPO market, but rather to refine and improve upon it. In particular, he stated that the FCA wanted to focus on the information available to investors.

LP gave an overview of the three models of IPO reform specified in the discussion paper. He explained that any comments from the group on how any of these models could be improved would be welcome. He emphasised that the two principal policy objectives of the models were to re-sequence the publication of an approved prospectus and connected research and to allow unconnected analyst access to the issuer's management, creating better opportunities for unconnected analysts to produce research. IM added that it is important to reduce reliability on connected research and improve access to information if there is a market opportunity for that to develop.

The Group noted that most small and mid-size quoted companies would not have unconnected research produced on them because there was an insufficient demand and commercial incentive for analysts to conduct the research. There was general consensus that the FCA paper did not

adequately address the small and mid-size quoted companies market. MM and LP acknowledged that connected, rather than unconnected, research is and would continue to be the dominant source of information for investors on small and mid-size quoted companies.

GT noted that the prospectus was the definitive document upon which investors based their investment decisions on. The Group agreed that the key driver of pre-IPO research is to assemble prospective financial information and this was a large element in the price formation process.

GT opined that if time can be saved by reducing or abolishing the black-out period, then this would be a positive step. He explained that a reduction in the black-out period from 14 to 7 days would be welcomed.

The Group discussed whether a 7 day black-out period for unconnected research. SH suggested that it would be unhelpful as additional research on smaller companies will not be produced if connected research has already been published. However, he stressed that if information can be published earlier, investors will always be in favour of this. DH noted that the potential cost implications for smaller companies should be considered, if early publication of information were to occur.

The Group commented that, in principle, meetings and presentations to analysts should be opened to unconnected analysts too, but questioned the material benefit for small and mid-size quoted companies.

GT thanked MM, LP and IMT for attending the meeting.

2. APOLOGIES

Apologies were received from Danette Antao, Sandra Bates, Naomi Bellingham, Ross Bryson, Andrew Collins, David Davies, David Fuller, Sarah Hassan, Kate Higgins, Tara Hogg, Mark Howard, Maegen Morrison, Jenna Robinson, Donald Stewart and Tim Ward.

3. MINUTES OF THE LAST MEETING (date)

The minutes were approved.

4. CURRENT ISSUES

	Document	Action by LEG
a)	<p>FCA Discussion Paper: Availability of information in the UK Equity IPO Process (RD: 13 July 2016)</p> <p>This was discussed in 1).</p> <p>GT informed the Group that they should send any comments on the draft response to CA as soon as possible.</p>	<p>RE to re-draft QCA response.</p> <p>CA to circulate updated draft response to LEG.</p> <p>ALL to comment on draft response.</p>
b)	<p>AIM Notice 45 – Feedback on AIM Notice 44 and confirmation of changes to AIM Rules</p> <p>GT explained that AIM Regulation had published AIM Notice 45 to confirm the changes it proposed to the AIM Rules for Companies in AIM</p>	None to note.

	<p>Notice 44. He noted that AIM Regulation elected to retain Rule 11 (general disclosure of price sensitive information).</p> <p>MG mentioned that, in preparation for MAR coming effect on 3 July 2016, the QCA, GC 100 and ICSA had published a dealing code and policy document to assist companies.</p>	
c)	<p>FCA updates on MAR</p> <ul style="list-style-type: none"> - Primary Market Bulletin No.15 - Update on closed periods and preliminary results <p>GT noted that the FCA had issued updates regarding its approach to MAR; clarifying how it expected issuers to file PDMR notifications and notifications for delayed disclosure of inside information, as well as its interpretation of closed periods and preliminary results.</p> <p>VH noted that the FCA was developing Q & As on MAR that it would publish shortly regarding trading plans and investment programmes if outside the closed period and if the PDMR has no inside information.</p>	None to note.
d)	<p>Prospectus Regulation – general status update</p> <p>This was not discussed.</p>	None to note.

5. COMMUNICATIONS AND FUTURE MEETINGS

	Document	Action by LEG
a)	<p>Policy Update (May 2016)</p> <p>This was not discussed; circulated for information only.</p>	None to note.
b)	<p>Guest invitations to future meetings</p> <p>This was not discussed.</p>	None to note.

Date for next meeting: Thursday 29 September 2016, 9am (Venue: Charles Russell Speechlys LLP, 5 Fleet Place, London EC4M 7RD)