



**Minutes of the QCA Secondary Markets Expert Group**

Held on: Wednesday 6 September 2017

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

**Present:**

Jon Gerty (Chair)	Peel Hunt	JG
Mark Tubby (Deputy Chair)	finnCap	MT
Fraser Elms	Herald Investment Management Ltd	FE
William Garner	Charles Russell Speechlys LLP	WG
Keith Hiscock	Hardman & Co	KH
Tim Ward	Quoted Companies Alliance	TW
Callum Anderson (minutes)	Quoted Companies Alliance	CA

**1. APOLOGIES**

Apologies were received from Claire Noyce, Jeremy Phillips, Katie Potts, James Stapleton, Stephen Streater, Peter Swabey and Ann Whitfield.

**2. MINUTES OF LAST MEETING (19 April 2017)**

The minutes were approved.

**3. ISSUES FOR DISCUSSION**

	ITEM	ACTION
a)	<p><b>HM Treasury consultation – Financing growth in innovative firms</b></p> <p>JG explained that HM Treasury had published a consultation related to its Patient Capital Review.</p> <p>The Expert Group noted that the emergence and growth of venture capital had, in part, displaced public equity markets as a source of financing by growth companies.</p> <p>The Expert Group discussed the main roots causes holding back effective deployment of and demand for patient capital. It was noted that the declined in bespoke private client stockbroking services through the increasing use of model portfolios had played a significant part in this.</p> <p>The Expert Group also discussed the fact that pension funds were significantly less invested in the quoted shares in 2017 than twenty years ago. The Expert Group noted this was in stark contrast to other countries – especially Canada and the Netherlands.</p>	<p><b>CA</b> to circulate draft response to the Expert Group.</p> <p><b>ALL</b> to send their comments to the draft response to <b>CA</b>.</p>

b)	<p><b>QCA position paper – Future of the UK market structure for quoted companies</b></p> <p>TW explained that the QCA had published the first edition of its position paper on the future of the UK market structure for quoted companies. He mentioned that the document outlined the QCA’s vision for capital markets in the UK after it has left the European Union.</p> <p>TW added that the paper appraises aspects covering tax and legal issues, as well as specific pieces of EU-driven legislation such as the Prospectus Regulation and provides proposals aimed at making capital markets suitable for UK needs. He emphasised that it was a document that would be revised as the negotiations advance.</p>	None to note.
c)	<p><b>AIM Rules Review</b></p> <p>JG noted that a number of draft responses had been circulated to Expert Group members in recent weeks. The Expert Group briefly discussed the additional segment on share-based management incentives and to what extent the QCA response should elaborate this in the response. It was noted that there had been some concerns against its inclusion by members of the Share Schemes Expert Group.</p>	<p><b>CA</b> to circulate final draft response to the Expert Group.</p> <p><b>ALL</b> to send their comments to the draft response to <b>CA</b>.</p>
d)	<p><b>Brexit</b></p> <p>The Expert Group noted that investors were currently unconcerned by the UK’s ongoing negotiations to depart the European Union.</p>	None to note.

#### 4. COMMUNICATIONS AND FUTURE MEETINGS

	ITEM	ACTION
a)	<p><b>Policy Update (August 2017)</b></p> <p>This was tabled for information only and was not discussed.</p>	None to note
b)	<p><b>Guest invitations to future meetings</b></p> <p>Expert Group members suggested NEX Exchange, the Social Stock Exchange, HM Treasury (to discuss small-cap investment research and VAT) and a crowdfunder as potential future guests to meetings.</p>	<b>CA</b> to invite guests to future meetings.

#### 5. NEXT MEETING

Wednesday 15 November 2017, 4.30pm – 6.00pm (Venue: Charles Russell Speechlys, 5 Fleet Place, London, EC4M 7RD (Host: Andrew Collins))