

held on Wednesday 11 June 2014 at 5.00pm
at Speechly Bircham, 6 New Street Square, London EC4A 3LX

Present:	Simon Rafferty (Chairman)	Winterflood Securities Ltd	SR
	William Garner	Speechly Bircham LLP	WG
	Jon Gerty	Shore Capital	JG
	Mitchell Gibb	Peel Hunt	MG
	William Lynne	Hybridan LLP	WL
	James Stapleton	Winterflood Securities Ltd	JS
	Mark Tubby	finnCap	MT
	Fraser Elms	Herald Investment Management Limited	FE
	Tim Ward	Quoted Companies Alliance	TW
	Kate Jalbert	Quoted Companies Alliance	KJ
	Maria B. Gomes (minutes)	Quoted Companies Alliance	MBG
	In attendance:		
	Matt Leighton (Guest)	London Stock Exchange	ML

ACTIONS

1. Welcome to Matt Leighton, Senior Regulatory Analyst – Regulatory Strategy, London Stock Exchange, to discuss MiFID

SR welcomed ML and everyone introduced themselves. ML thanked the group for the opportunity to meet and discuss the Consultation and Discussion Papers recently published by ESMA on MiFID/MiFIR. ML informed the group that the responses to both documents are due in on 1 August 2014. ML further explained that, while the Discussion Paper will still lead to a consultation on calibration technical standards, the Consultation Paper on MiFID/MiFIR will be the last chance for stakeholders to influence the European Commission's drafting of the upcoming Regulation through ESMA's Technical Standards.

ML noted that the London Stock Exchange (LSE) will be submitting responses to these papers, focusing on the areas that are a priority for the LSE Group among its different platforms and trading models. ML mentioned that the LSE will be conscious of the UK market and how it supports SMEs in its response.

ML explained that the LSE will not be opposing some sensible aspects of the consultation (e.g. systems and controls); nevertheless, ML pointed out that there are aspects of the proposed technical advice that are worth addressing:

- Consolidated tape: ML considers that the focus should be on the quality of data and disagrees slightly with ESMA's focus. There is some concern around the costs that ESMA's proposals could generate.
- Transaction reporting: its scope has been extended. ML pointed out that there are legacy issues in the UK because transaction reporting had additional mandatory fields. This is another aspect which may add costs.
- Best Execution: the requirement imposes on the trading venues strict execution quality, which will especially hit the less liquid securities. ML advised that ESMA did not ask a question on this but we need to point it out not to miss the chance to do it.
- Transparency requirements: the requirements are going to apply across AIM and all firms, expanded beyond equity. This may affect many companies.
- SME growth markets: ML underlined that the thresholds need to be calibrated and representative.
- Deferred trading publication: additional focus on calibration is needed. ML advised that the respondents should argue for additional flexibility around the ability of companies to raise money.

TW added that it is important to mention the impact these rules will have on companies, especially small and mid-size quoted companies. The cost of trading could increase and become disproportionate, which will affect all market participants. Liquidity must be taken into consideration and preserved. ML further noted that ESMA's proposals should not result in forcing all smaller companies to list on SME growth markets; they should continue to prosper outside them (ie on regulated markets) too.

2. Apologies

Apologies were received from Andrew Collins, Richard Everett, Paul Arathoon and Andy Thompson.

3. Minutes of the last meeting (16 April 2014) – The minutes were approved.

4. Issues for Discussion

- Consultation Paper on MiFID/MiFIR Technical Advice / Discussion Paper on MiFID/MiFIR draft RTS/ITS

The group agreed that it would be important to update our previous response regarding deferred trading publication and include it in this response. KJ added that we might also analyse aspects of conduct of business rules and appropriateness requirements. KJ noted that the Legal Expert Group will be looking at aspects of SME Growth Markets. KJ asked the group to let MBG or her know if there are any other areas we should be submitting a response on. MBG will circulate our draft response to the group for comments.

ALL/MBG

5. Communications and Future Meetings

- **Other issues for the group to consider**

There was no discussion on this item.

- **ESMA public hearings on secondary markets, investor protection and commodity derivatives issues on Monday 7 and Tuesday 8 July**

KJ informed the group that ESMA's public hearings on secondary markets, investor protection and commodity derivatives issues will be taking place on Monday 7 and Tuesday 8 July, and that there is now a waiting list to register and attend as the public hearings are fully booked.

TW suggested that it would be helpful to raise some of the issues of the consultation at a meeting with ESMA. KJ and MBG with Chris Stapeley will possibly schedule a meeting with relevant people at ESMA and invite members of this group to attend.

KJ/MBG/Chris Stapeley

- **ECB T2S Harmonisation Steering Group best practices proposals for T2S markets migrating to the T+2 settlement cycle**

SR highlighted the importance of monitoring this issue and asked KJ and MBG to inform the group about its developments over the summer.

KJ/MBG

- **Top 20 Questions directors should ask when considering raising alternative finance**

There was no discussion on this item.

- **Policy Update (April 2014) – for information only**

There was no discussion on this item.

- **Guest invitations to future meetings**

There was no discussion on this item.

6. AOB

No other items were discussed.

7. ACTION POINTS

Action	Person	Date
Communicate other areas of interest to submit a response on re MiFID/MiFIR	ALL	ASAP
Circulate the draft response to MiFID/MiFIR to the group for comments	MBG/KJ	ASAP
Schedule a meeting with ESMA re MiFID	MBG/Chris Stapeley	ASAP
Inform the group about ECB T2S Harmonisation Steering Group best practices proposals for T2S markets migrating to the T+2 settlement cycle	KJ/MBG	ASAP

Information for noting

1. **Consultation Update** – Responses submitted:

London Stock Exchange – Consultation on the market structure for the introduction of an intra-day auction for SETS Equities and IOB (RD: 17 April 2014)

ESMA – Discussion Paper Draft Technical Standards for the Regulation on improving securities settlement in the European Union and on central securities depositories (CSD) (RD: 22 May 2014)

Not responded to:

ESMA – Consultation Paper on Draft Regulatory Technical Standards on major shareholdings and indicative list of financial instruments subject to notification requirements under the revised Transparency Directive

2. **Next meeting(s)**

17:00 Tuesday 30 September 2014 (Venue: Speechly Bircham LLP, 6 New Street Square, London EC4A 3LX)