

Minutes of the QCA Secondary Markets Expert Group



Held on: Wednesday 12 September 2018

Venue: finnCap, 60 New Broad St, London, EC2M 1JJ

Present:

Jon Gerty (Chair)	Peel Hunt LLP	JG
Mark Tubby (Deputy Chair)	finnCap	MT
Vadim Alexandre	Northland Capital Partners Limited	VA
Fraser Elms	Herald Investment Management Ltd	FE
Keith Hiscock	Hardman & Co	KH
Jeremy Phillips	CMS	JP
Tim Ward	Quoted Companies Alliance	TW
Anthony Robinson	Quoted Companies Alliance	AR
Callum Anderson (minutes)	Quoted Companies Alliance	CA

In attendance:

Nick Dilworth	Winterflood Securities Ltd	ND
Richard Ellis	Charles Russel Speechlys LLP	RE
Mark Northway	ShareSoc	MN
Niall Pearson	Hybridan LLP	NP
Cliff Weight	ShareSoc	CW

1. WELCOME TO MARK NORTHWAY AND CLIFF WEIGHT OF SHARESOC

JG welcomed MH and CW to the meeting.

MN gave a brief overview of the history and purpose of ShareSoc – UK Individual Shareholders Society. He mentioned that although ShareSoc investors mostly invested in equities, they also invested a proportion of their portfolios in bonds and funds.

MN summarised the objectives of ShareSoc's principal campaigns regarding director behaviour and shareholder rights.

MN and CW placed particular emphasis on their campaign regarding shareholder rights with reference to resisting Beaufort Securities administrators taking fees out of client money held in supposedly 'ring-fenced' accounts. MN, CW and the Expert Group exchanged views on potential

MN, CW and the Expert Group exchanged views on the availability of independent investment research on small and mid-size quoted companies as a result of the changes brought in by MiFID II. There was agreement that there was less research available than before the Directive came into force in January 2018. KH cited Hardman & Co research which had found that few companies with market caps below £700 million on AIM or £500 million on the Main Market will have any research house other than the house broker, or a paid-for research house such as Hardman & Co, covering them.

Concerns were also raised by MN and CW regarding the low level of distribution of research to individual investors, although it was noted that there were some independent research houses such as Hardman & Co and Research Tree which were providing such a facility.

There was also a discussion on liquidity and, specifically, on the impact that EU-derived legislation such as MiFID II and CSDR would have on the economic models and viability of market makers in providing liquidity to the shares of small and mid-size quoted companies.

MN, CW and the Expert Group agreed that the QCA and ShareSoc should continue to build and maintain strong relations and collaborate on campaigns where appropriate.

JG thanked MN and CW for attending the meeting. MN and CW left the meeting.

2. APOLOGIES

Apologies were received from William Garner, Claire Noyce, Jack Phillips, Katie Potts, James Stapleton and Stephen Streater.

3. MINUTES OF LAST MEETING (10 April 2018)

The minutes were approved.

4. ISSUES FOR DISCUSSION

	ITEM	ACTION
a)	MiFID II The Expert Group noted the updated Q&As on investor protection and intermediaries topics; and transparency topics by ESMA.	None.
b)	Brexit This was not discussed.	

5. COMMUNICATIONS AND FUTURE MEETINGS

	ITEM	ACTION
a)	The FCA publishes statement on its role in preparing for Brexit This was noted by the Expert Group.	None.
b)	London Stock Exchange issues disciplinary notices for breaches of AIM Rules 11, 10 and 31 This was noted by the Expert Group.	
c)	AIM Rule changes regarding corporate governance come into force on 28 September 2018 This was noted by the Expert Group.	
d)	Policy Update (May 2018) This was tabled for information only and was not discussed.	
e)	Guest invitations to future meetings This was not discussed.	

6. NEXT MEETING

Wednesday 14 November 2018, 4.30pm – 6.00pm (Venue: Peel Hunt LLP, Moor House, 120 London Wall, London, EC2Y 5ET).