

## Minutes of the QCA Secondary Markets Expert Group



**Held on:** Wednesday 14 November 2018

**Venue:** Peel Hunt LLP, Moor House, 120 London Wall, London, EC2Y 5ET

### **Present:**

Jon Gerty (Chair)	Peel Hunt LLP	JG
Mark Tubby (Deputy Chair)	finnCap	MT
Keith Hiscock	Hardman & Co	KH
Jeremy Phillips	CMS	JP
Anthony Robinson	Quoted Companies Alliance	AR
Callum Anderson (minutes)	Quoted Companies Alliance	CA

### **In attendance:**

Mark Griffin	HM Treasury	MG
Niall Pearson	Hybridan LLP	NP
Alex Stirling	W.H. Ireland	AS

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## **1. WELCOME TO MARK GRIFFIN OF HM TREASURY**

JG welcomed MG to the meeting.

### Brexit

MG explained that HM Treasury had published a number of technical notices with respect to financial services (such as market instruments and central securities depositories), so that these EU-derived regulations and directives would be able to continue working smoothly regardless of whether the UK was able to successfully negotiate a deal which was supported by the UK Parliament with the EU.

He noted that if the UK is able to secure a deal, then all aspects of EU law will apply in the UK during the implementation period, currently scheduled to run until December 2020.

MG and the Expert Group then discussed the potential future framework for financial services regulation in the UK post-Brexit and implementation period. This centred on the concept of equivalence. There was a wide-ranging debate on how regulations such as MiFID II would be affected by this. MG explained that it was unlikely that the UK would unilaterally change its approach to market transparency requirements.

MG shared his insights into the working relationships between HM Treasury officials and UK economic regulators with their counterparts in the EU.

### The future outlook for UK public markets

MG and the Expert Group exchange views on how the UK's regulatory approach could be strengthened and improved to attract a greater range and number of smaller, growing companies to public equity markets. A large segment of this discussion regarded the regulatory burden and asset managers' behaviour. MG mentioned that HM Treasury would be open to undertaking market studies to assess the extent to

which government or regulator action could consider the effects of regulation on small and mid-size quoted companies. He encouraged the QCA and its Expert Groups to submit research and data to HM Treasury and the FAC, in order to effectively substantiate its claims.

JG thanked MG for attending the Expert Group meeting. MG left the meeting.

## 2. APOLOGIES

Apologies were received from Vadim Alexandre, Jasper Berry, Andrew Collins, Fraser Elms, William Garner, Mitchell Gibb, Claire Noyce, Jack Phillips, Katie Potts, James Stapleton, Stephen Streater and Tim Ward.

## 3. MINUTES OF LAST MEETING (10 April 2018)

The minutes were approved.

## 4. ISSUES FOR DISCUSSION

	ITEM	ACTION
a)	<p><b>MiFID II</b></p> <p>NP led a discussion on the payment of order flow practices. Specifically – retail brokers asking corporate brokers for commission for orders. NP mentioned that there had been cases where larger corporate banks leading IPOs were prioritising retail allocations depending on how much MiFID II commission a wealth manager was paying to the book runner, which was equivalent to an inducement.</p> <p>The Expert Group exchanged views on the extent to which this was happening with respect to the secondary fundraisings of small and mid-size quoted companies.</p> <p>The Expert Group noted that revised ESMA Q&amp;As under MiFID II regarding the following topics: market structures; transparency and investor protection and intermediaries.</p> <p>The Expert Group also noted the publication of the ESMA guidelines on certain aspects of the MiFID II suitability requirements.</p>	None.
b)	<p><b>CSDR</b></p> <p>The Expert Group noted the revised ESMA Q&amp;As on the implementation of CSDR.</p>	
c)	<p><b>London Stock Exchange – AIM Disciplinary Procedures and Appeals Handbook</b></p> <p>The Expert Group noted the publication of the AIM Disciplinary Procedures and Appeals Handbook.</p>	

d)	<p><b>FCA's Investment Platforms Market Study – Interim Report</b></p> <p>MT highlighted that the FCA had published an interim market study report on the investment platforms market that contained implicit criticism of Retail Service Providers.</p> <p>The Expert Group agreed that it would review and await the final report in due course.</p>	<p><b>Expert Group</b> to monitor the FCA's work on the investment platforms market.</p>
e)	<p><b>Brexit</b></p> <p>This was covered in item 1.</p>	<p>None.</p>

## 5. COMMUNICATIONS AND FUTURE MEETINGS

	ITEM	ACTION
a)	<p><b>Policy Update (October 2018)</b></p> <p>This was tabled for information only and was not discussed.</p>	<p>None.</p>
b)	<p><b>Guest invitations to future meetings</b></p> <p>It was suggested inviting the Financial Reporting Council (FRC) to discuss the audit landscape in the UK.</p>	<p><b>CA/QCA</b> to invite guests to future meetings.</p>

## 6. NEXT MEETING

Wednesday 23 January 2019, 4.30pm – 6.00pm (Venue: Peel Hunt LLP, Moor House, 120 London Wall, London, EC2Y 5ET).