

**Present:**

Jon Gerty (Acting Chairman)	Shore Capital Group Ltd	JG
Fraser Elms	Herald Investment Management Ltd	FE
William Garner	Charles Russell Speechlys LLP	WG
Katie Potts	Herald Investment Management Ltd	KP
Mark Tubby	finnCap	MT
Lisa Vainio	Quoted Companies Alliance	LV
Callum Anderson (minutes)	Quoted Companies Alliance	CA

**ACTIONS**

**1. APOLOGIES**

Apologies were received from Sarah Bray, David Cooper, Keith Hiscock, John Howes, William Lynne, Claire Noyce, Niall Pearson, Jeremy Phillips, Simon Rafferty, Perter Swabey, Andy Thompson, Shreena Travis and Tim Ward.

**2. MINUTES OF THE LAST MEETING (1 September 2016)**

This was not discussed.

**3. ISSUES FOR DISCUSSION**

	Item	Action by SMEG
a)	<p><b>MiFID II</b></p> <p>i) <u>FCA Consultation Paper CP16/29: Markets in Financial Instruments Directive Implementation – Consultation Paper III</u></p> <p>JG gave an overview of the consultation paper. He briefly summarised the proposals with regards to inducements and research, focussing particularly on the FCA’s proposals regarding funding a research payment account by collecting charges alongside transaction costs. The Expert Group exchanged views on whether these proposals would result in additional administrative burdens for firms.</p> <p>ii) <u>ESMA Consultation: Draft guidelines on MiFID II product governance requirements</u></p> <p>JG briefly outlined the main features of the draft guidelines. The Expert Group discussed the details of the target market assessment required by investment firms.</p> <p>MT noted the need for ESMA to clarify that any shares available to purchase on the public market securities are compatible with the needs of the mass retail market.</p>	<p><b>CA / LV</b> to draft response to the consultation paper and circulate to Expert Group members.</p> <p><b>ALL</b> to comment on draft response.</p> <p><b>CA / LV</b> to draft response to the consultation paper and circulate to Expert Group members.</p> <p><b>ALL</b> to comment on draft response.</p>

	<p>iii) <u>FCA – MiFID II Authorisation and variation of permission forms</u></p> <p>The Expert Group confirmed that this was not of relevance to small and mid-size quoted companies.</p>	None to note.
b)	<p><b>Brexit</b></p> <p>The Expert Group noted the weakness of pound sterling over the last few months had seen some companies see a rise in their overseas incomes.</p> <p>The Expert Group agreed that it would be important to raise awareness of the importance of smaller quoted companies to the UK economy to Department for Exiting the European Union (DExEU) and the Department for Business, Energy and Industrial Strategy (BEIS) in the coming months, as the UK government negotiates Brexit with the EU.</p> <p>The Expert Group noted the potential opportunity to amend EU legislation to fit UK needs.</p>	None to note.

#### 4. COMMUNICATIONS AND FUTURE MEETINGS

	Document	Action by FREG
a)	<p><b>FCA – Market Watch No.51</b></p> <p>JG noted that the FCA had published Market Watch No.51, which includes observations on the FCA’s market maker review.</p>	None to note.
b)	<p><b>Policy Update (October 2016) – for information only</b></p> <p>This was not discussed.</p>	None to note.
c)	<p><b>Guest invitations for future meetings</b></p> <p>The Expert Group agreed that it would be useful to have engagement with officials from BEIS, DExEU and the FCA in 2017.</p>	CA to identify relevant contacts and invite to future meetings.
d)	<p><b>2017 Expert Group meetings – for information only</b></p> <p>This was not discussed.</p>	None to note.

**Next meeting – Wednesday 18 January 2017, 4.30pm (Venue: Charles Russell Speechlys, 5 Fleet Place, London EC4M 7RD).**