

Held on Wednesday 17 June 2015 at 4:30pm
at Charles Russell Speechlys, 6 New Street Square, London EC4A 3LX

Present:	Simon Rafferty (Chairman)	Winterflood Securities Ltd	SR
	Jon Gerty (Deputy Chairman)	Shore Capital Group	JG
	Andrew Collins	Charles Russell Speechlys LLP	AC
	David Cooper	Cenkos Securities	DC
	Neil McLeod	Olswang	NM
	Sunil Dhall	Peel Hunt	PH
	William Lynne	Hybridan LLP	WL
	Jeremy Phillips	Nabarro LLP	JN
	Mark Tubby	FinnCap	MT
	Ian Wright	NUMIS	IW
	Tim Ward	Quoted Companies Alliance	TW
	Maria Gomes (minutes)	Quoted Companies Alliance	MX
In attendance:			
	Mark Griffin	HM Treasury	MG
	Sarah Bray	Peel Hunt	SB
	Victoria Younghusband	Charles Russell Speechlys LLP	VY

ACTIONS**1. Welcome to Mark Griffin, Head of Secondary Markets and Market Infrastructure, HM Treasury**

SR welcomed MG and thanked him for coming to speak to the Group. MG explained that he would be happy to discuss any issues with the Group and provide an update on MiFID II as well as CSD Regulation.

Regarding MiFID II, he mentioned that the MiFID II implementation (i.e. the legislative amendments necessary to transpose the Directive into UK law) is currently being consulted on and HM Treasury will be open for comments over the summer.

He mentioned that the draft advice and the technical standards are progressing at different speeds at the moment. It is likely that the advice will be adopted after the summer. After the Commission's adoption of the advice, the Council and the European Parliament will enter into negotiations.

MG explained that market participants should prepare for implementation to be in place for 1 January 2017, as the obligations will come into effect. He added that if there are specific points that will need to be delayed, transitional measures can be adopted for those.

Regarding SME Growth Markets, MG explained that MiFID II created the process but did not create any benefits; hopefully, this is a category where references can be built in legislation. He added that in general the European Parliament considered that the SME Growth Markets rules did not go as far enough as they should have, and is now struggling with the different stages of development of markets across the EU, as these are quite diverse at the moment. TW explained that the QCA has been campaigning for SME Growth Markets to have a graduated approach which would preserve flexibility of the markets across the EU.

Regarding investment research, MG clarified that the UK position has not changed and that HM Treasury is aligned with the FCA on this. He stressed that they are aiming at creating a level-playing field in the EU and making the research market work better, not destroy it.

SR stressed that there should be different arrangements for smaller companies, as some firms may risk not being covered at all, which would have great impact on their illiquid stocks. TW stressed that the QCA suggests that research on any company with a market capitalisation below EUR 200 million – either quoted on an SME Growth Market or listed on a regulated market – should be exempt from the requirements defined for investment research.

MG commented that it would be useful if we could provide them with an estimate for the amount paid for research in the smaller quoted end of the market. TW agreed to send MG information on this.

TW/MG
[this has now been done]

Regarding the deferred publication regime, MG explained that ESMA is still working on the revised technical standards and that there is recognition that the proposals could be less adequate for small cap companies.

In relation to the CSD Regulation, MG commented that the publication of the Level 2 measures has been delayed to September. This is due to difficulties in finalising the buy-in regime measures in the Technical Standards, namely regarding less liquid stocks and SME Growth Markets.

SR thanked MG for coming to speak to the Group and he left the meeting.

2. Apologies

Apologies were received from Katie Potts, Jessica Reed, Peter Swabey, Paul Arathoon, Andy Thompson and Kate Jalbert.

3. Minutes of the meeting on 22 April 2015

The minutes were approved.

4. Issues for Discussion

- **Capital Markets Union**

MX explained that our response was submitted on 13 May 2015, alongside with our more detailed response to the European Commission Prospectus Directive consultation. She added that the key focus of our response was welcoming that the first priority for early action listed in the Green Paper was a re-evaluation of the prospectus regime.

MG added that we have also highlighted in our response other key points that should be added to the list of priorities for early action:

- Assessing the regulatory landscape
- Building on the ecosystem for SME Growth Markets
- Creating an SME Asset Class
- Designing appropriate indices
- Secondary Market Pilot Schemes

- **ESMA: Consultation Paper - Draft guidelines for the assessment of knowledge and competence**

The Group decided not to submit a response to this consultation paper.

- **Public consultation on EMIR**

The Group decided not to submit a response to this consultation paper.

5. Communications and Future Meetings

- **Report of meeting with Kay Swinburne MEP (1.05.2015)**

SR mentioned that the QCA held a conference call with Kay Swinburne MEP and members of the Secondary Markets Expert Group to address the key issues regarding MiFID II: investment research, delayed publication regime and SME Growth Markets.

He mentioned that the call was very informative and that overall, the sense is that the Commission, ESMA and MEPs understand the concerns of small and mid-size quoted companies regarding these issues. He added that ESMA's advice is likely to change regarding deferred publication regime and that we have a chance to influence this re-calibration from a small company's perspective.

- **Market Abuse Regulation – status update**

This was not discussed.

- **Policy Update (6 May 2015) – for information only**

This was not discussed.

- **Guest invitations to future meetings**

This was not discussed.

5. AOB

6. ACTION POINTS

Action	Person	Date
Send MG estimate for the amount paid for research in the smaller quoted end of the market	TW/MG	ASAP [this has now been done]

Next Meeting(s) – 16:30 Wednesday 16 September 2015 (Venue: Charles Russell Speechlys LLP, 6 New Street Square, EC4A 3LX).