

Present:	Simon Rafferty	Winterflood Securities Ltd	SR
	Jon Gerty	Shore Capital Group Ltd	JG
	David Cooper	Cenkos Securities PLC	DC
	Fraser Elms	Herald Investment Management Ltd	FE
	William Garner	Charles Russell Speechlys	WG
	William Lynne	Hybridan LLP	WL
	Jeremy Phillips	Nabarro LLP	JP
	James Stapleton	Winterflood Securities Ltd	JS
	Mark Tubby	finnCap	MT
	Keith Hiscock	Hardman & Co	KH
	Tim Ward	Quoted Companies Alliance	TW
	Maria Gomes	Quoted Companies Alliance	MG
	Callum Anderson (minutes)	Quoted Companies Alliance	CA

ACTIONS

1. APOLOGIES

Apologies were received from Nick Anderson, Andrew Collins, Clare Forster, Dalia Joseph, Julien Kasparian, Clare Noyce, Andrew Palmer, Katie Potts, Peter Swabey, Andy Thompson, Shreena Travis and Ian Wright.

2. MINUTES OF THE LAST MEETING (2 March 2016)

The minutes were approved.

3. ISSUES FOR DISCUSSION

	Item	Action by SMEG
a)	<p>MiFID II – Commission Delegated Directive on safeguarding of financial instruments and funds belonging to clients, product governance obligations and the rules applicable to the provision or reception of fess, commissions or any monetary or non-monetary benefits.</p> <p>- Product Governance</p> <p>MT noted that the Delegated Directive placed equal responsibility on manufacturers of products as distributors. He highlighted that if the rules relating to product governance applied to equities (including public equities), then this could be a problem for the AIM market – guidance from the FCA would be required.</p> <p>The Group noted that it is important to liaise with AIM Regulation, the FCA and ESMA on this issue to understand if AIM companies will be affected. The Group also suggested that the QCA liaises with the Tax Incentivised Savings Association (TISA) and the Wealth Management Association (WMA) to encourage a proportionate regime for AIM.</p>	<p>MG to follow up with AIM Regulation, FCA, ESMA, TISA and WMA.</p>

	<p>- Investment Research</p> <p>The Group welcomed the rules clarifying that investment research can continue to be paid for by companies and distributed.</p> <p>The Group agreed that this is a good result for AIM companies and demonstrates the efforts of the Group's campaigns on this issue, and agreed that it is important to inform QCA members of this positive development.</p> <p>The Group commented that more clarity was still needed with regards to whether CSAs would still be permissible, as well as case studies about how investment research will be paid for in practice.</p>	<p>MG to send article to QCA members welcoming clarified Commission rules.</p> <p>[This has been done]</p>
b)	<p>BIS request for views on share dematerialisation</p> <p>MG explained that, further to the meeting the QCA had with BIS to discuss share dematerialisation, a survey had been sent to members (on behalf of BIS) to examine the costs and benefits of share dematerialisation. She mentioned that any assistance from Expert Group members would be appreciated.</p>	<p>CA to circulate dematerialisation survey to the Group.</p> <p>[This has been done]</p>

4. ONGOING CONSULTATIONS

	Item	Action by SMEG
a)	<p>PRA consultation – Implementation of MiFID II – CP9/16 (RD: 27 May 2016)</p> <p>This was not discussed.</p>	None to note.

5. COMMUNICATIONS AND FUTURE MEETINGS

	Document	Action by SMEG
a)	<p>Policy Update (February 2016) – for information only</p> <p>This was tabled for information only and was not discussed.</p>	None to note.
b)	<p>Guest invitations for future meetings</p> <p>The Group suggested that it would be useful for someone from the FCA to come speak about investment research and product governance obligations.</p>	MG / Patricia Silva to invite guests to future meetings.

6. AOB

	Item	Action by SMEG
a)	<p>FCA – IPO Reform</p> <p>MT and TW noted that the FCA had published a market study, an occasional paper and a discussion paper on the UK Equity IPO process.</p>	None at this stage.
b)	<p>MAR Implementation and SME Growth Markets</p> <p>DC noted the ongoing issue concerning the interaction between the application of MAR rules for SME Growth Markets (including AIM) and the entry into force of MiFID II. MG explained that the QCA had met with the FCA to emphasise the importance of this to small and mid-size quoted companies. She mentioned that the QCA would be seeking to meet with the Commission in Brussels to discuss potential solutions as soon as possible.</p>	<p>MG to set up meeting with the Commission to discuss SME Growth Markets.</p> <p>[This has been done]</p>

Next meeting – 4.30pm, Thursday 1 September 2016 (Venue: Charles Russell Speechlys, 5 Fleet Place, London, EC4M 7RD).