



Minutes of the QCA Share Schemes Expert Group

Held on: Thursday 2 February 2017

Venue: RSM, 25 Farringdon Street, London, EC4A 4AB

(Host: Fiona Bell)

Present:

Fiona Bell (Chairman)	RSM	FB
Emma Bailey (Deputy Chairman)	Fox Williams LLP	EB
Barbara Allen	Stephenson Harwood	BA
Danny Blum	Eversheds Sutherland	DB
David Daws	Blake Morgan	DD
Philip Fisher	BDO LLP	PF
Juliet Halfhead	Deloitte LLP	JH
Caroline Harwood	Burges Salmon	CH
Daniel Hepburn	PricewaterhouseCoopers	DH
Liz Hunter	Mazars LLP	LH
Shofiq Miah	Fox Williams LLP	SM
Isabel Pooley	Grant Thornton UK LLP	IP
Lisa Vainio	Quoted Companies Alliance	LV
Callum Anderson (minutes)	Quoted Companies Alliance	CA

1. APOLOGIES

Apologies were received from Dave Bareham, Stephen Chater, Stephen Diosi, Andy Goodman, Stuart James, Robert Postlethwaite, Andrew Quayle, Jennifer Rudman, Nicholas Stretch and Tim Ward.

2. MINUTES OF LAST MEETING (13 October 2016)

The minutes were approved.

3. ISSUES FOR DISCUSSION

	ITEM	ACTION
a)	<p>Brexit</p> <p>FB noted that the primary issue that Brexit could affect in relation to employee share schemes was the structure of EMI, as this was a scheme that is subject to EU state aid rules. The Expert Group also noted that EMI will be subject to renewal in 2018.</p> <p>FB added that the QCA discussion breakfast with Jane Ellison MP (Financial Secretary to the Treasury) had taken place that morning and noted her sympathy for employee share schemes.</p>	None to note

<p>b)</p>	<p>BEIS Green Paper on corporate governance reform</p> <p>FB explained the Department for Business, Energy and Industrial Strategy's (BEIS) Green Paper on corporate governance reform contained a question regarding long term executive pay incentive plans.</p> <p>The Expert Group exchanged views on the merits and impacts of increasing the holding periods for share options awarded to executives from three to five years on smaller quoted companies.</p>	<p>CA / FB to draft response to Q6.</p> <p>CA to circulate draft response to Q6.</p> <p>ALL to comment on draft response.</p>
<p>c)</p>	<p>European Commission consultation – The Capital Markets Union mid-term review</p> <p>CA briefly outlined the content of the European Commission's consultation. The Expert Group agreed that it did not need to contribute to any QCA response.</p>	<p>None to note.</p>
<p>d)</p>	<p>QCA draft letter to BEIS regarding amending the company law requirement relating to employees' share schemes to pay nominal value for shares</p> <p>FB explained that, as mentioned at the end of the previous meeting, she had drafted a letter to BEIS requesting that they remove the requirement of an individual to pay at least the nominal value for shares under award for employee share schemes.</p> <p>The Expert Group agreed that this was an issue worth raising with BEIS and that they would provide additional comments, as appropriate.</p>	<p>ALL to send their comments on the draft letter.</p>
<p>e)</p>	<p>Update on QCA Share Plans Booklet</p> <p>FB noted that the QCA Share Plans Booklet ("Rewarding Enterprise: Guidance for Companies on Employee Share Schemes") had not been updated for several years.</p> <p>FB sought a volunteer from within the Expert Group to take responsibility for undertaking the review and subsequent update of the Share Plans Booklet.</p> <p>DD offered to review the Share Plans Booklet.</p>	<p>CA / FB to send DD the relevant documents needed to review Share Schemes Booklet.</p> <p>DD to begin reviewing and updating Share Plans Booklet.</p> <p>CA / FB to assist DD as appropriate.</p>
<p>f)</p>	<p>QCA Share Schemes Expert Group work plan for 2017</p> <p>FB noted that the Share Schemes Expert Group would also contribute to the next edition of the QCA's Budget Representations. She added that the July 2017 meeting would be an appropriate moment to review tax topics in relation to employee share schemes.</p>	<p>None to note.</p>

	<p>The Expert Group also indicated that issues concerning the operation of clawback provisions, specifically in relation to accounting practices in share plans should be on the Expert Group's radar in 2017.</p> <p>The Expert Group agreed that four meetings per year was the right amount.</p>	
g)	<p>QCA Share Schemes Expert Group Terms of Reference</p> <p>FB explained that the Expert Group's Terms of Reference had not been updated for a number of years and asked the Expert Group if there any changes were needed. She noted that a section 'Expectation of members' had been added. The Expert Group exchanged views on the revised Terms of Reference and suggested minor amendments.</p>	<p>CA to redraft and finalise terms of reference, inclusive of suggested amendments.</p>

4. COMMUNICATIONS AND FUTURE MEETINGS

	ITEM	ACTION
a)	<p>Policy Update (January 2017)</p> <p>This was tabled for information only and was not discussed.</p>	None to note.
b)	<p>Guest invitations to future meetings</p> <p>This was not discussed.</p>	None to note.

5. NEXT MEETING

Thursday 20 April 2017, 4.30pm – 6.00pm, with Hasmukh Dodia, HMRC, as guest (Venue: RSM, 25 Farringdon Street, London, EC4A 4AB (Host: Fiona Bell))