

Present:

Fiona Bell (Chairman)	RM2	FB
Jared Cranney (Deputy Chairman)	ISG plc	JC
Barbara Allen	Stephenson Harwood	BA
Emma Bailey	Fox Williams LLP	EB
Danny Blum	Eversheds LLP	DB
Andy Goodman	BDO LLP	AG
Colin Kendon	Bird & Bird LLP	CK
Nicholas Stretch	CMS Cameron McKenna LLP	NS
Nick Wallis	Smith & Williamson Limited	NW
Tim Ward	Quoted Companies Alliance	TW
Kate Jalbert (minutes)	Quoted Companies Alliance	KJ
Maria Gomes	Quoted Companies Alliance	MG

In attendance:

Rebecca Servian (in place of Mia Thursby-Pelham)	PWC	RS
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ACTIONS

1. Apologies

Apologies were received from Michael Landon, Sarah Cohen, Andrew Quayle, Robert Postlethwaite and Mathew Ward.

2. Minutes of last meeting (11 December 2013):

The minutes were approved.

3. Current Issues/Consultations

- **BIS Call for Evidence – Amending the rule against perpetuities and further reducing the complexity of employee ownership (RD: 19 February 2014)**

FB reviewed this consultation and asked the group if anyone had specific examples of practical issues raised by the rule against perpetuities, and if it would be a good idea to support its modification. BA pointed out the difficulty associated with transferring the shares from one trust to another. Members noted that the rule creates additional paperwork for quoted companies, and that it becomes difficult to intervene.

FB to finalise drafting the response.

FB

- **AIM Notice 38: AIM Rules for Companies and NOMADs Consultation Documents (RD: 3 March 2014)**

FB noted that there is nothing specific in this consultation specifically in reference to share schemes. TW said that he believes that it is a good thing that companies state which code they follow, and noted that this change has been made to Rule 26.

The group highlighted that there is no exemption for employee share schemes in Rule 21, like there is in the Model Code. This is particularly relevant for SIPs and shares being purchased for a director. It was agreed that the QCA should include this in its response.

JC noted that it would be helpful to press AIM on the end of the close period. NS highlighted that the close period ends at AIM with the publication of the annual report, where at the Main List it ends with the publication of the preliminary statement. TN noted that AIM does not officially recognise preliminary statements and so this is reason for the difference in treatment.

JC explained that he will send through a few paragraphs on directors' dealings and close periods.

KJ asked expert group members to send through any additional comments for the QCA to include in its response.

JC/KJ/MG

- **ERS Forum Valuation Sub-Group**

This was not discussed.

- **Member Query – Valuation of Shares**

FB explained that a member had complained about the OTS's proposal to value shares based on the closing price rather than the 'quarter up', believing that it applies to AIM companies.

Regarding the valuation of shares, the group agreed that this does not apply to AIM companies, but to fully listed companies.

KJ to clarify what the member would like to happen re valuation of AIM shares, stating that we would resist if this rule change would be applicable to AIM listed companies.

KJ/MG

- **Member Query – NED taxation: Office of Tax Simplification**

FB explained that a member queried advice that he was given that NEDs must be paid by a company's PAYE rather than through a personal service company. He had also been told that the reimbursement of a NED's travel expenses to attend board meetings would be taxable.

FB highlighted that this question is not to be addressed in this Expert Group, as it relates more to taxation. TW commented that it also relates to corporate governance, and asked the group to redirect similar questions to the QCA if they see them being raised.

KJ will follow up on this.

KJ

4. Communications/Future Meetings

- **Budget Statement - 19 March 2014**

This was not discussed.

- **Articles/communications to members on measures in Autumn Statement/Budget**

This was not discussed.

- **Review of the QCA Guide *Rewarding Enterprise III – Guidance for Companies on Employee Share Schemes***

This was not discussed.

- **Policy Update – 13 January 2014 (for information only)**

This was not discussed.

- **Invitations to Future Meetings**

Future guests to invite include:

- Someone from the AIM team to discuss share schemes and corporate governance.
- Someone from HMRC to discuss self-certification and invite corporate members.

Chris Stapeley/MG

- **Membership Drive**

This was not discussed.

5. AOB

- **Self-certification: Employee Share Schemes Office of Tax Simplification recommendations**

NS pointed out that the Office of Tax Simplification recommendations regarding Employee Share Schemes raise a few points of concern. Share schemes that had been previously approved will not be grandfathered under the new regime and will have to be revisited, which should not be the case. Other concerns pointed out are the size of the potential penalties, the limited time given to comply before the entry into force of these measures (6 April 2014), and the introduction of the new rules on company discretion on the operation of CSOPs.

NS explained that there is still time to influence the debate and send in a QCA response, and volunteered to put together key points.

CK to put together key points with NS.

CK/NS

- **Section 222 changes: Unapproved employee share schemes: Office of Tax Simplification recommendations**

FB highlighted the lack of clarity regarding the need to register pre 2014 unapproved and inactive share scheme arrangements. The group pointed out that some changes to the Section 222 of the Income Tax (Earnings and Pensions) Act 2003 as set out in the draft Finance Bill 2014 are less punitive. However, a fairer position could be achieved, and a QCA response should be submitted.

FB and AG volunteer to draft key points for a QCA response.

FB/AG

6. Date of Next Meeting:

17:30 Thursday 15 May 2014 (Venue: Pinsent Masons, 30 Crown Place, London EC2A 4ES – Host Matthew Findley)

7. Actions

Action	Person	Timetable
Draft a response to BIS's call for evidence on Amending the rule against perpetuities and further reducing the complexity of employee ownership	FB	ASAP (before 19 February 2014)
Send comment in on AIM Notice 38: AIM Rules for Companies and NOMADs Consultation Documents	ALL (and JC on the close period point)	ASAP (before 3 March 2014)
KJ to clarify the valuation of AIM shares query	KJ/MG	ASAP
KJ to follow up on the NED taxation query	KJ	ASAP
Invite guests to future meetings	MG/Chris Stapeley	ASAP
Draft a response to the Draft Finance Bill 2014: Employee Share Schemes Office of Tax Simplification recommendations	CK/NS/MG	ASAP (before 13 February 2014)
Draft a response to the Draft Finance Bill 2014: Unapproved employee share schemes Office of Tax Simplification recommendations	FB/AG/MG	ASAP (before 13 February 2014)